




STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
Med-QUEST Division
Medical Standards Branch
P. O. Box 700190
Kapolei, Hawaii 96709-0190

August 10, 2004

MEMORANDUM

M04-10

TO: Durable Medical Equipment (DME) Providers

FROM: Steven S. Kawada, Med-QUEST Division Assistant Administrator 

SUBJECT: CLARIFICATION OF POLICY FOR COVERAGE OF DURABLE
MEDICAL EQUIPMENT

To expedite the processing of prior authorizations, the Med-QUEST Division is providing the following clarification of policy.

PROSTHESES

Effective September 1, 2004, for prosthetic lower limbs, Medicaid will only cover prosthetics up to a Functional Classification level two (2) (community ambulator). As a result, the following current HCPCS codes will not be covered:

L5980	L5976	L5722 -- L5780
L5610	L5613	L5822 -- L5840
L5987	L5989	L5846 -- L5848
L5979	L5981	L5400 -- L5460
L5614	L5814	

If any of the above codes are needed as replacements/repairs to already existing lower limb prosthetics, the request for prior authorization will be reviewed on a case by case basis. If you have sent in a request for new lower limb prosthetics prior to this memo and the request has not been approved, please resubmit that request using only those codes covered by Medicaid.

CLARIFICATION OF SHIPPING AND HANDLING CHARGES

In response to several inquiries, Medicaid is clarifying its policy for the reimbursement of shipping and handling charges. Medicaid will reimburse the supplier for shipping costs on custom items only, and only if clearly separately charged by the item's distributor/manufacturer.

Reimbursement will be based on the most cost effective method of shipment. Express mail, second day air, priority mail, etc., will not be covered. Reimbursement of shipping will be covered only for those custom items approved by Medicaid. On the 1144, please designate shipping costs using E1399HX. If the actual cost of shipping is known ahead of time, please include that with the MSRP. If the cost of shipping is not known at the time the 1144 is submitted, use E1399HX and attach the invoice showing actual shipping costs to the claim. Reimbursement for shipping is only allowed if the custom item is obtained from an Out-of-State distributor/manufacturer. No reimbursement for interisland shipping is allowed.

Also, no reimbursement is extended for ground or air travel costs and time and/or gasoline/mileage, incurred when the supplier delivers an item to a patient.

CLARIFICATION FOR USE OF PH101

The Status Reason Code PH101 on a prior authorization letter for a DME is used when a DME is AUTHORIZED for purchase. However, a claim cannot be paid for the authorized DME until the serial number of the authorized item is sent to the Prior Authorization Department. The provider should submit a claim after he/she submits the serial number and receives another approval letter for the DME.