

Rental-Durable Medical Equipment

In General

The plan allows as a covered expense the rental of durable medical equipment such as wheelchair, bed, iron lung, etc. In assessing the appropriateness of the equipment, these factors should be considered by the examiner.

- The equipment is primarily and customarily used for medical purposes and is not generally useful in the absence of illness or injury.
- The equipment can effectively be used in a nonmedical facility (home).
- The equipment can be expected to make a meaningful contribution to the treatment of the illness or injury.
- The cost of the equipment is proportionate to the therapeutic benefits which can be derived from the use of the equipment.
- The equipment is used solely for care and treatment of the patient (thereby excluding home exercise equipment).

An inquiry of the physician will determine the therapeutic purpose as well as its length of use. Descriptive brochures would usually be helpful.

Rental vs. Purchase. Consideration of rental vs. purchase of equipment may be a factor in some cases. While the plan might limit benefits to rental of durable equipment, there may be situations in which purchase of durable equipment is more cost efficient. When it is anticipated that an item will be used over a prolonged period, cost would generally be less than the overall rental if the item is purchased. The cost in such an instance may be covered administratively.

Guidelines

This memo which some Plan Supervisors send to participants when rental v. purchasing is an issue may be helpful.

TO: Participant
RE: Rental v. Purchase of Durable Medical Equipment (DME)
FROM: ABC Plan Supervisor Company

How the Plan Pays for Durable Medical Equipment

If you are going to need a wheelchair, hospital bed, or other durable medical equipment (DME) prescribed by your doctor, you may already know that your plan can help pay for it.

Should I rent or buy?

The decision to rent or buy DME is still yours. However, if you decide to rent, you should know that the plan generally will no longer pay for rentals indefinitely. To help you make your decision, you should ask your doctor how long you will need the equipment and ask your supplier about his rental and sales prices.

Items costing \$250 or less to buy

If an item costs \$250 or less and you will need it for only a short time (for example, 1 or 2 months), you are probably better off renting it. But if you need the equipment for more than a few months, you should consider buying it. This is because the plan will not pay more in rental charges than would be paid if the equipment had been bought.

For example: Mrs. Baker needs a walker which has a reasonable rental allowance of \$10 a month and a reasonable purchase price of \$60. If the equipment is rented for more than 6 months, the plan will not pay any more in rental charges than if the equipment had been purchased. In this example, the plan would make rental payments for only 6 months.

Items costing more than \$250

For equipment costing more than \$250, the rules are slightly different. If equipment is rented when it would have been less costly to buy, the plan will also limit reimbursement to the amount that would be paid for buying the equipment. However, the limit will not be applied beginning with the first rental month as is the case with equipment costing \$250 or less. Rather, beneficiaries will receive a notice telling them when the limit will begin to be applied. For example:

In July 1989, Mr. Greene rents a wheelchair costing \$400 at \$40 a month. When the rental claim is received, the plan supervisor reviews the doctor's prescription and the expected period of time the equipment will be needed and finds that purchase will be more economical. The plan supervisor notifies Mr. Greene in August 1989 that, beginning with October, the total amount of reimbursement for future rentals will be limited to the reasonable purchase price. In this example, rental payments would be allowed through July 1990. If the equipment is purchased during the period October 1989-July 1990, any rental payments allowed in this period will be subtracted from the reasonable purchase price.

If equipment is purchased and rental would be more economical, payment will be made on the basis of reasonable rental allowance until the purchase price is reached or until the equipment is no longer needed, whichever comes first. For example:

Mrs. Jones buys a wheelchair for \$400 but is expected to need it for only 4 months. The reasonable rental allowance is \$40 per month. In this case, since rental is less costly, the plan would make payment on the basis of the reasonable rental allowance of \$40 per month even though the equipment was purchased.

What about very expensive equipment?

For very expensive equipment (for example equipment costing several thousand dollars) payment can continue to be made on a rental basis even when

purchase would be more economical, if purchase is not considered practical. This would be true when you choose to rent the equipment and you do not have access to supplier or catalog house that is willing to accept assignment or that can furnish the item at the plan's approved charge or would let you make monthly installment payments.

Can I buy used equipment?

You can save money if you buy used equipment. If used equipment costs no more than 75% of the reasonable purchase price of new equipment, and assuming you have met the plans deductible, the plan will pay for the entire cost of the equipment. Thus, you will not have to pay for the 20% coinsurance. In order for used equipment to qualify for this savings to you, the medical equipment supplier must give you the same warranty that is offered to buyers of new equipment and certify that the item is in good order, has been fully reconditioned, and that reasonable service and repair expenses will not exceed those for comparable new equipment.

If I buy the equipment, will the plan pay for repairs and maintenance?

The plan will reimburse for reasonable repair charges (subject to coinsurance and deductible). However, maintenance, such as cleaning, regulating, and checking of equipment is not covered. Such maintenance is expected to be done by the owner of the equipment or a member of the family. However, more extensive maintenance which must be performed by trained technicians would be covered by the plan.

Closer Look at Durable Medical Equipment

A closer look at durable medical equipment requires these considerations:

- Cost of the repair of durable medical equipment is not covered.
- Durable means the ability of the equipment to withstand repeated use over a period of time.
- To be payable, the equipment had to have been prescribed by the physician prior to purchase or rental.
- Such equipment is not covered unless its primary use is medical.
- Some equipment should be purchased and some should be rented based upon facts and circumstances.
- Separate charge for sales tax is not covered.
- Environmental or personal comfort items are not covered.
- A seat lift mechanism is covered; the entire chair is not covered.
- Supplies and accessories used with rented equipment are not covered.
- Cost of the preparation and delivery of the equipment is not covered.
- Standby equipment is not covered.
- Equipment used in a nursing facility are not covered.
- Returned equipment is not covered.