



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

March 30, 2006

MEMORANDUM

ACS M06-05

TO: Providers of Durable Medical Equipment, Prosthetic and Orthotic Devices and Medical Supplies (DMEPOS)

FROM: Angie Payne, Acting Med-QUEST Division Administrator *ap*

SUBJECT: RESTORATION OF RATES FOR PORTABLE OXYGEN AND OXYGEN CONCENTRATORS

Medicaid providers of portable oxygen and oxygen concentrators have informed Governor Linda Lingle, Department of Human Services (DHS) Director Lillian Koller, and Hawaii's Congressional Delegation that the 2005 Medicare reduction in reimbursement rates for portable oxygen (E0431) and oxygen concentrators (E1390) have jeopardized their ability to continue providing oxygen to persons living in home settings. Since Medicaid rates cannot exceed Medicare rates, in 2005, Hawaii Medicaid also reduced its rates for portable oxygen and oxygen concentrators.

After careful analysis of the issue, Governor Linda Lingle and DHS Director Lillian Koller decided to restore the Hawaii Medicaid rates for portable oxygen and oxygen concentrators to the Medicaid 2004 rates. Their decision was made to assist providers so that they could continue to service Medicaid recipients who need oxygen to live in home settings. The effective date of the restoration will be April 1, 2006. Only the codes E0431 RR and E01390 RR will be restored to 2004 Medicaid rates. Existing prior authorization criteria will continue.

Claims for services provided prior to April 1, 2006, will be at 2005 Medicare rates. Hawaii Medicaid will continue to cover the Medicare co-payment for persons dually eligible for Medicare and Medicaid at the 2005 Medicare co-payment rate for all services.

Providers of Durable Medical Equipment, Prosthetic and Orthotic Devices and Medical Supplies (DMEPOS)

March 30, 2006

Page 2

The table below details the change in reimbursement:

Code	Short Description	2004 Rates	2005 Rates	Rates Effective April 1, 2006
E0431 RR	Portable Oxygen	34.34	32.08	34.34
E1390 RR	Oxygen Concentrator	251.18	251.18	251.18
E1390 SC	Oxygen Concentrator in a Nursing Facility	171.60	171.60	171.60

Hawaii Medicaid cannot raise rates of other services and DMEPOS above Medicare rates.