



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

Med-QUEST Division
Finance Office
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 17, 2011

MEMORANDUM

ACS M11-02

TO: Fee-for-Service Oxygen Providers, Fee-for-Service Physicians

FROM: Kenneth S. Fink, MD, MGA, MPH *pf fn*
Med-QUEST Division Administrator

SUBJECT: CHANGES IN OXYGEN REIMBURSEMENT

Fee-for-Service Oxygen Providers

Effective April 1, 2011, the Med-QUEST Division (MQD) will make revisions to the current oxygen policy for the Fee-for-Service (FFS) program. Please contact the individual QUEST and QUEST Expanded Access (QExA) health plans for health plan specific policies.

These changes are a result of the oxygen policy instituted by Medicare that has been in effect since January 1, 2009. Please refer to the Centers for Medicare & Medicaid Services (CMS) Medicare website for the entire Medicare oxygen policy. These changes were made in consultation with the major oxygen providers in the State.

- MQD will follow Medicare's thirty-six (36) month rental payment policy. Rental payments from Medicaid will stop at 36 months and will not resume until the five (5) year equipment replacement occurs.
- MQD will also follow Medicare's maintenance policy and will reimburse the maintenance fee (K0740), at the Medicare reimbursement rates, every six (6) months for the two (2) years after the 36 month rental coverage and the beginning of the new rental period.
- MQD will reimburse the oxygen concentrator (E1390), portable gaseous oxygen system (E0431), and oxygen contents (E0441) at the Medicare reimbursement rates. In addition, MQD will reimburse oxygen fills at one (1) per month throughout the entire five (5) year period.

Portable oxygen should be limited to E-tanks only with a maximum of four (4) fills per month and a maximum of four (4) tanks in the client's home at any given time.

Fee-for-Service Physicians

MQD follows Medicare's criteria for medically necessary oxygen. A copy of MQD's oxygen criteria is attached for your reference. In addition, Medicare's oxygen policy is available on the CMS Medicare website. The MQD asks that you work with your patients and their oxygen providers to ensure that oxygen needs are met. Please be mindful of the following:

- Individuals on oxygen need regular physician assessments. Ensure that your patients on oxygen have follow-up visits with you.
- Remind your patients that portable oxygen is not for use within the home as a substitute for an oxygen concentrator or stationary oxygen.
- MQD reimburses the oxygen provider for one fill a month, per Medicare's guidelines. MQD is instituting an E-tank only policy with a maximum of 4 fills per month and 4 tanks within a client's home at any one time.
- Oxygen providers may be requesting your assistance to assess and order a conserving device for patients that require an increasing amount of fills per month. Please work with the providers and your patients to meet the oxygen needs of your patients.
- MQD is providing a statement for the oxygen providers to share with those clients receiving oxygen. Please feel free to share this statement with your patients.

There are three (3) attachments included in this memorandum: 1) Medicaid's Oxygen Fee Schedule; 2) Medicaid's FFS Oxygen Policy; and 3) Medicaid's Statement to Client.

Please call Suzanne Noland, R.N., at (808) 692-8055 if you have any questions regarding this memo.

Attachments

MESSAGE FOR OUR MEDICAID OXYGEN CLIENTS

Your doctor has authorized the use of oxygen for your current medical condition under Medicaid. The Med-QUEST Division wants to make sure that you understand your doctor's responsibilities, your responsibilities, and your oxygen supplier's responsibilities.

My Doctor's Responsibilities

- ✓ Follow the criteria set by Medicaid
- ✓ Send in the necessary paperwork to the oxygen supplier so that the supplier can begin providing you with oxygen or to continue supplying you with oxygen
- ✓ Do oxygen saturations when necessary so that the supplier will know how much oxygen is appropriate for you
- ✓ Contact the oxygen supplier of any changes in your oxygen needs

My Responsibilities

- ✓ Show up for the office visit appointments your doctor has set up for you
- ✓ Tell your doctor about any changes in your condition with a phone call or at your next visit
- ✓ Follow the directions for the safe use and storage of your oxygen and ask questions if you don't understand
- ✓ Follow the safety instructions given to you by your oxygen supplier with regards to the use, care, and storage of oxygen cylinders
- ✓ Be home when your oxygen supplier delivers your oxygen and supplies. Call your oxygen supplier if something comes up and you can't be home
- ✓ Use oxygen concentrator within the home and portable oxygen for outside the home

My Supplier's Responsibilities

- ✓ Provide you with the oxygen ordered by your doctor
- ✓ Provide you with complete instructions on how to use and how to store your oxygen
- ✓ Bill the Medicaid program for all costs and **not** you
- ✓ Deliver supplies as requested and ordered by your doctor
- ✓ Provide only E-tanks for portable oxygen and a maximum of 4 tanks per month and 4 tanks in the home at any given time

OXYGEN RATES 2011

<u>Code</u>	<u>Description</u>	<u>Fee Schedule</u>	<u>Limits/Comments</u>
E0424	Stationary compressed gaseous oxygen, rental; includes container, contents (per unit), regulator, flowmeter, humidifier, nebulizer, cannula or mask and tubing	\$173.17	1 per month for 36 months
E0431	Portable gaseous oxygen system, rental; includes portable container, regulator, flowmeter, humidifier, cannula or mask and tubing	\$ 28.74	1 per month for 36 months
E0434	Portable liquid oxygen system, rental; includes portable container, supply reservoir, humidifier, flowmeter, refill adaptor, contents gauge, cannula or mask and tubing	\$ 28.74	1 per month for 36 months
E0439	Stationary liquid oxygen system, rental; includes container, contents, regulator, flowmeter, humidifier, nebulizer, cannula or mask, and tubing	\$173.17	1 per month for 36 months
E0443	Portable oxygen contents, gaseous, per unit (1 unit = 1 month supply)	\$ 77.45	1 per month
E0444	Portable oxygen contents, liquid, per unit (1 unit = 1 month supply)	\$ 77.45	1 per month
E1390	Oxygen concentrator; capable of delivering 85% or greater oxygen concentration at the prescribed flow rate	\$173.17	1 per month for 36 months

ITEM/PROCEDURE:

OXYGEN AND OXYGEN EQUIPMENT (INCLUDING OXYGEN CONCENTRATOR)

HCPCS/CPT CODES:

An appearance of a code in this section does not necessarily indicate coverage (see Additional Information).

EQUIPMENT

- E0424 Stationary compressed gaseous oxygen system, rental; includes container contents (per unit), regulator, flowmeter, humidifier, nebulizer, cannula or mask, and tubing; 1 unit = 50 cubic feet.
- E0431 Portable gaseous oxygen system, rental; includes portable container, regulator, flowmeter, humidifier, cannula or mask, and tubing.
- E0434 Portable liquid oxygen system, rental; includes portable container, supply reservoir, humidifier, flowmeter, refill adaptor, contents gauge, cannula or mask, and tubing.
- E0439 Stationary liquid oxygen system, rental: includes container, contents, regulator, flowmeter, humidifier, nebulizer, cannula or mask, and tubing.
- E0441 Oxygen contents, gaseous, per unit (1 unit = 1 month supply).
- E0442 Oxygen contents, liquid, per unit (1 unit = 1 month supply).
- E0443 Portable oxygen contents, gaseous, per unit (1 unit = 1 month supply).
- E0444 Portable oxygen contents, liquid, per unit (1 unit = 1 month supply).
- E1390 Oxygen concentrator, capable of delivering 85% or greater oxygen concentration at the prescribed flow rate.
- K0740 Repair or nonroutine service for oxygen equipment requiring the skill of a technician, labor component, per 15 minutes.

ACCESSORIES

- A4615 Cannula, nasal.
- A4616 Tubing (oxygen) per foot.
- A4617 Mouthpiece.
- A4619 Face tent.
- A4620 Variable concentration mask.
- A4621 Tracheostomy, inner cannula.
- E0455 Oxygen tent, excluding croup or pediatric tents.
- E0555 Humidifier, durable, glass or autoclavable plastic bottle type, for use with regulator or flowmeter.
- E0580 Nebulizer, durable, glass or autoclavable plastic bottle type, for use with regulator or flowmeter.
- E1353 Regulator.
- E1355 Stand/rack.

REQUIREMENTS:

RECIPIENT REQUIREMENTS:

1. The requesting Medicaid physician has determined that the patient has severe lung disease with hypoxemia and hypoxia related symptoms that might be expected to improve with oxygen therapy, **AND**
2. The qualifying blood gas study was performed by a Medicaid physician or Medicare certified/qualified laboratory, (a supplier is not considered a qualified provider or a qualified laboratory), **AND**
3. The qualifying blood gas study was obtained under the following conditions:
 - a. If the qualifying blood gas study is performed during an inpatient hospital stay, the reported test must be the one obtained closest to, but no earlier than two (2) days prior to the hospital discharge date, **OR**
 - b. If the qualifying blood gas study is not performed during an inpatient hospital stay, the reported test must be performed while the patient is in a chronic, stable state, i.e., not during a period of acute illness or an exacerbation of their underlying disease, **AND**
4. The patient's blood gas meets either Group I or Group II criteria:
 - a. Group I criteria include any of the following:
 1. An arterial PO₂ at or below 55 mm Hg or an arterial oxygen saturation at or below 88 percent taken at rest (awake), **or**
 2. An arterial PO₂ at or below 55 mm Hg, or an arterial oxygen saturation at or below 88 percent, for at least 5 minutes taken during sleep for a patient who demonstrates an arterial PO₂ at or above 56 mm Hg or an arterial oxygen saturation at or above 89 percent while awake, **or**
 3. A decrease in arterial PO₂ more than 10 mm Hg, or a decrease in arterial oxygen saturation more than 5 percent, for at least 5 minutes taken during sleep associated with symptoms (e.g., impairment of cognitive processes and [nocturnal restlessness or insomnia]) or signs (e.g., cor pulmonale, "P" pulmonale on EKG, documented pulmonary hypertension and erythrocytosis) reasonably attributable to hypoxemia, **or**

4. An arterial PO₂ at or below 55 mm Hg or an arterial oxygen saturation at or below 88 percent, taken during exercise for a patient who demonstrates an arterial PO₂ at or above 56 mm Hg or an arterial oxygen saturation at or above 89 percent during the day while at rest. In this case, oxygen is provided for during exercise if it is documented that the use of oxygen improves the hypoxemia that was demonstrated during exercise when the patient was breathing room air.
- b. Group II criteria include the presence of
1. An arterial PO₂ of 56-59 mm Hg or an arterial blood oxygen saturation of 89 percent at rest (awake), during sleep for at least 5 minutes, or during exercise (as described under Group I criteria) **and**,
 2. Any of the following:
 - Dependent edema suggesting congestive heart failure, **or**
 - Pulmonary hypertension or cor pulmonale, determined by measurement of pulmonary artery pressure, gated blood pool scan, echocardiogram, or "P" pulmonale on EKG (P wave greater than 3 mm in standard leads II, III, or AVF), **or**
 - Erythrocythemia with a hematocrit greater than 56 percent.
 5. A portable oxygen system, either alone or to be used in addition to a stationary system, is covered if the patient is mobile within the home and the qualifying blood gas study was performed while at rest (awake) or during exercise. Portable oxygen systems are not covered for patients who qualify for oxygen solely based on blood gas studies obtained during sleep. Portable oxygen systems will **not** be covered when it is provided only as a backup to a stationary system.
 6. Oxygen therapy is not medically necessary if any of the following conditions are present:
 - Angina pectoris in the absence of hypoxemia.
 - Dyspnea without cor pulmonale or hypoxemia.
 - Severe peripheral vascular disease resulting in clinically evident desaturation in one or more extremities, but in the absence of hypoxemia.
 - Terminal illnesses that do not affect the respiratory system.
 - For use on an "as needed" or "standby" basis.

SUPPLIER REQUIREMENTS:

1. Must be a qualified Medicaid provider.
2. Supplier will provide respiratory support and maintenance of equipment.
3. Supplier will be liable for equipment used in school.

PHYSICIAN DOCUMENTATION REQUIREMENTS:

1. Diagnosis causing hypoxemia.
2. Oxygen study results must be done at initial request for oxygen, three months after initial need for oxygen if continuation of oxygen is necessary and then on a yearly basis.
3. Oxygen study results, date of study and indication of where study was done. (Oxygen studies may only be done by a physician or a Medicare certified/qualified laboratory. Oxygen test results by an oxygen/DME supplier or anyone financially associated with or related to the oxygen/DME supplier are not acceptable.)
4. If patient meets Group II criteria, indicate comorbid condition.
5. If portable oxygen is being requested, indicate the patient is mobile within the home.
6. When oxygen is based on an oxygen study obtained during exercise, there must be documentation of three (3) oxygen studies in the patient's medical record – i.e., testing at rest without oxygen, testing during exercise without oxygen and testing during exercise with oxygen applied (to demonstrate the improvement of the hypoxemia).
7. A face to face visit prior to the initial oxygen order is required as well as a face to face visit prior to a renewal of an oxygen order. Documentation must support medical necessity for oxygen.

ADDITIONAL INFORMATION/COMMENTS:

- A oxygen study may be performed while the patient is on oxygen as long as the reported value meet the Group I or Group II criteria.
- Only rented oxygen systems are covered. Purchased oxygen systems are not covered.

- Medicaid follows Medicare's 60 month rental and maintenance policy, except for contents as noted below.
- Oxygen contents (E0441 to E0444) are separately payable at one per month during the entire 60 month cycle. **(This is a deviation from the Medicare payment schedule which allows billing for contents beginning the 37th month of the 5 year cycle.**
- Oxygen accessories are included in the allowance for rented oxygen systems and are not separately payable.
- Medicaid will cover the usage of E tanks only.
- Medicaid allows only four (4) E tank deliveries per month.

REFERENCES:

- Medicare oxygen coverage transmittal M6509
<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6296.pdf>,

REVISION DATE: January 2011