2016 – DME Policy Concerns

Prior Authorization for DME

Summary

A Final Rule (CMS-6050-F) has been released from CMS regarding the prior authorization (PA) process for certain durable medical equipment, prosthetics, orthotics and supplies items (DMEPOS). This final rule establishes a PA process for those items that are, according to CMS, "subject to unnecessary utilization." CMS defines unnecessary utilization as "furnishing items that do not comply with one or more of Medicare's coverage, coding, and payment rules." They are further quoted as stating, "We believe a prior authorization process will ensure beneficiaries receive medically necessary care while minimizing the risk of improper payments, and will therefore protect both beneficiaries and the Medicare program."

The rule has established criteria for a "Master List" of 135 DMEPOS items and a prior authorization process for items on the Master List.

Process of Prior Authorization

Timeframes are not finalized yet in order to avoid barriers to care for beneficiaries. However, here is the process that is in the initial proposed rule. After receipt of all the applicable required documentation, a review would be conducted and a decision communicated that will affirm or non-affirm the request.

- A decision will be made within 10 days of receipt of all applicable information; two days for an expedited request only if jeopardizing the life or health of the beneficiary, which this needs to be in the documentation.
- 20 days for resubmission and an unlimited amount of resubmissions.
- No submission for a PA means a denial, but appeal rights are an option.
- Even though an affirmation has been issued, there may still be a denial based on technical requirements that can only be evaluated after a claim is submitted for processing.

Prior Authorization Concerns

The Master List includes DME items such as oxygen and hospital beds. Many industry stakeholders strongly recommend that CMS remove items like these from the Master List. It is necessary for critical items like these to be decisively dispensed without having to wait for an organizational approval process. If critical items such as oxygen requires a prior authorization, Medicare beneficiaries may be forced to remain in the hospital for up to an additional 10 days until the prior authorization process is complete, costing Medicare significantly more dollars.

Prior Authorization Outcomes

While the program presents the DME industry with concerns, overall we anticipate the new prior authorization process could address some of the issues contributing to the current appeals backlog. A successful authorization process would establish a degree of certainty for supplies and beneficiaries on the issues of medical necessity for DMEPOS.

Legislative Remedies

- **H.R. 2437- Prior authorization bill by Rep. Marsha Blackburn (R-TN)** Seeks to develop and implement improved prior authorization processes for certain durable medical equipment, prosthetics, orthotics, and supplies.