



Salvage Claims (Jurisdiction C)

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Summary: Dr. Robert Hoover, Medical Director for CGS Administrators, LLC (CGS), Jurisdiction C DME MAC talks about billing for custom fabricated items when the beneficiary cancels the order, their condition changes, or they pass away before delivery.

Hello and welcome to another edition of Medicare MinuteSM. I'm Dr. Robert Hoover, Medical Director at CGS Administrators, LLC (CGS) the Jurisdiction C DME MAC. Today, I'm going to talk about claims for custom fabricated items and how to bill for those items when the beneficiary dies before the item can be delivered or because the order was canceled by the beneficiary or because the beneficiary's condition changed and the item was no longer reasonable and necessary or appropriate. This most often is seen with prosthetics and orthotics.

As noted in the *Jurisdiction C Supplier Manual*, in Chapter 5, Section 4, Medicare will reimburse a supplier when an item is custom fabricated for a beneficiary but the beneficiary is unable to take delivery. Medicare allows payment in three specific circumstances.

1. Death of the beneficiary; or,
2. Cancellation of the order by the beneficiary; or,
3. A change in medical necessity for the item such that it is no longer suitable for the beneficiary's medical condition.

In these three specific cases, payment is made based on the supplier's expenses and payment can be made on either an assigned or unassigned claim.

The allowed amount is based on the services furnished and materials used, up to the date the supplier learned of the beneficiary's death or of the cancellation of the order or that the item was no longer reasonable and necessary or appropriate. At that point, the DME MAC determines the services performed and the allowable amount appropriate in the particular situation. It takes into account any salvage value of the device to the supplier.

This slide shows the various scenarios described above and the proper date of service to indicate on the claim. For items not delivered due to death of the beneficiary, the supplier should bill the date of death of the beneficiary. For cancelled orders or situations where the beneficiary's condition changes and the custom item no longer is appropriate for the beneficiary's medical condition, the supplier should indicate as the date of service on the claim the date that they learned of the cancellation or that the item was no longer medically necessary.

That does it for this edition of Medicare MinuteSM. As with all of CGS' educational offerings, this is only a summary of certain policy requirements. I encourage you to read the applicable



LCD and related Policy Article for a complete description of the coverage, coding and documentation requirements.

Thank you for watching and have a nice day.