

Reimbursement Policy

Durable Medical Equipment (DME) Rental vs. Purchase

REIMBURSEMENT POLICY NUMBER: 24

Effective Date: 8/4/2025

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Next Annual Review: 5/2026

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INSTRUCTIONS FOR USE: Company reimbursement policies serve as guidance for the administration of plan benefits. Reimbursement policies do not constitute medical advice nor a guarantee of coverage. Company reimbursement policies are reviewed annually. The Companies reserve the right to determine the application of reimbursement policies and make revisions to reimbursement policies at any time. The scope and availability of all plan benefits are determined in accordance with the applicable coverage agreement. Any conflict or variance between the terms of the coverage agreement and Company Reimbursement Policy will be resolved in favor of the coverage agreement.

SCOPE AND APPLICATION

Provider Type:

☒ DMEPOS Suppliers

Plan Product:

☒ Commercial
☒ Medicare
☐ Medicaid/Oregon
Health Plan (OHP)

POLICY STATEMENT

NOTES:

- This policy provides information regarding **reimbursement and billing practices** for durable medical equipment (DME). **Medical necessary or coverage** requirements can be found in Plan medical policies.

SCOPE: Providence Health Plan, Providence Health Assurance, and Providence Plan Partners as applicable (referred to individually as "Company" and collectively as "Companies").

- The following items are **outside** the scope of this policy:
 - Prosthetics or orthotics
 - Disposable medical supplies
- I. The Company requires all durable medical equipment (DME) claims to be submitted with the applicable HCPCS code(s) and modifier(s) to indicate if the DME item is being rented or purchased.
- II. Reimbursement will be based on the rental price up to the maximum allowed for the particular DME item. The item is considered purchased once the purchase price has been met and reimbursement will **not** be made for rental of DME in excess of the purchase price.
- III. DME may be considered for direct purchase on a case-by-case basis, in lieu of a rent-to-purchase option.

Break in Need and Break in Billing

- IV. Rental periods which contain a break in coverage of more than 60 days (2 months' worth of rental) and resumes with the **same** DME provider, the rental limit will continue with the resumption month.
- V. Rental periods which contain a break in coverage of more than 60 days (2 months' worth of rental) **and** resumes with a **different** DME provider, the rent-to-purchase reimbursement limit count will start again for the new provider with the 1st month claim when billing resumes. *(Note, the Plan reserves the right to review any break in service of more than 60 days to determine whether or not the member continues to have a clinical need for the equipment, and that medical necessity criteria are met.)*

NOTE: The term "month" in this context means 30-day rental period. It does **not** refer to a calendar month.

Replacement

- VI. Once a DME item has been purchased, the same or similar item may not be purchased or rented again within a 60-month (or 5-year) period, **unless** criteria have been met for the medically necessary replacement of the DME item. *(NOTE: Replacement requests are reviewed using medical policies.)*

POLICY GUIDELINES

BACKGROUND

The following items are **not** considered DME:

- Prosthetics or orthotics

- Disposable medical supplies

DEFINITIONS

Break in service. A temporary interruption in the billing of equipment.

Break in billing. A break in billing can occur for any number of reasons, but examples may include (not limited to) the following scenarios: interruption of rental as the result of an inpatient stay or the member switches suppliers, etc.

Break in need. When a member no longer medically requires the item, or medical necessity for the item has ended.

CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS)

As of 6/23/2025, the following Centers for Medicare & Medicaid (CMS) guidance was identified which addresses DME claim billing practices:

- Noridian Jurisdiction D (Noridian J-D) Modifiers
- Medicare Claims Processing Manual, Chapter 20 - Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS)

The above criteria and reimbursement methodologies are consistent with the CMS guidance regarding DME billing.

BILLING AND CODING GUIDELINES

GENERAL

Modifiers

The modifiers found in **Table 1** may be used when billing rental items. NOTE: This is **not** an all-inclusive list of modifiers used with DME claims.

Table 1: DME Modifiers

Common DME Modifiers	
Modifier	Description
KH	DMEPOS item, initial claim, purchase or first month rental.
KI	DMEPOS item, second or third month rental.
KJ	DMEPOS, parenteral and enteral nutrition (PEN) pump or capped rental, months four to 15 [only months four to 13 for capped rental items].
NU	Used durable medical equipment (use when DME is to be purchased).
RR	Rental (use when DME is to be rented).
UE	Used durable medical equipment (use when DME is to be purchased).

CROSS REFERENCES

None

The full Company portfolio of current Reimbursement Policies is available online and can be [accessed here](#).

REFERENCES

1. Noridian Healthcare Solutions Jurisdiction D (Noridian J-D). *Modifiers*. Updated 8/23/2024. <https://med.noridianmedicare.com/web/jddme/topics/modifiers>. Accessed 6/23/2025.
2. Centers for Medicare & Medicaid Services (CMS). Medicare Claims Processing Manual, Chapter 20 - Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS). 2024. <https://www.cms.gov/regulations-and-guidance/guidance/manuals/downloads/clm104c20.pdf>. Accessed 6/23/2025.

POLICY REVISION HISTORY

Date	Revision Summary
8/4/2025	New Reimbursement Policy