



P R O V I D E R B U L L E T I N

B T 2 0 0 3 3 6

J U N E 5 , 2 0 0 3

To: All Providers**Subject: Oxygen and Oxygen Equipment****Overview**

In accordance with Indiana code *IC 12-15-13-6*, this bulletin notifies providers of changes to reimbursement for oxygen and oxygen equipment and to clarify coverage, billing, and other policies for oxygen and oxygen equipment reimbursed by the Indiana Health Coverage Programs (IHCP).

Reimbursement For Oxygen and Oxygen Equipment

Subject to the exclusions listed in the Indiana Administrative Code (IAC) at *405-5-19* and elsewhere, IHCP oxygen and oxygen equipment reimbursement includes the system for furnishing oxygen, the vessels that store the oxygen, the tubing and administration sets that allow the safe delivery of the oxygen, and the oxygen contents.

In accordance with *405-IAC 5-19-3*, the Office of Medicaid Policy and Planning (OMPP) reviews Medicaid rates for items reimbursed under the durable medical equipment (DME) fee schedule, which includes oxygen and oxygen equipment, and makes adjustments as necessary. The OMPP has completed its review, and providers are hereby notified of changes to reimbursement for oxygen and oxygen equipment reimbursed under the fee schedule.

Effective July 21, 2003, reimbursement for oxygen and oxygen equipment will be updated for the procedure codes listed in Table 1.

Table 1 – Updates to IHCP Reimbursement for Oxygen and Oxygen Equipment

Code	Description	New Fee	Modifier
E0434	Portable liquid oxygen S	\$36.19	RR
E0431	Portable gaseous oxygen	\$36.19	RR
E0439	Stationary liquid oxygen	\$230.17	RR
E1390	Oxygen concentrator	\$230.17	RR

**Note: The "RR" modifier denotes rented equipment and/or supplies. IHCP reimburses only rented oxygen systems.*

Title 405, Part 5, Rule 19, Section 3(c) of the Indiana Administrative Code specifies the following:

“(c) Reimbursement of DME is based upon Medicare’s fee schedule for fiscal year 1993 and classes of DME. The established Medicaid rates will be reviewed annually and adjusted as necessary. A separate fee schedule will be established for each of the following six (6) classes:

- (1) Capped rental items
- (2) Inexpensive and other routinely purchased DME
- (3) Items requiring frequent and substantial servicing
- (4) Customized items
- (5) Prosthetic and orthotic devices
- (6) Oxygen and oxygen equipment.”

Accordingly, the OMPP makes these changes to establish a separate fee schedule for oxygen and oxygen equipment and has elected to update the rates listed in Table 1 to be consistent with Medicare reimbursement for these items. As required, items reimbursed under the DME fee schedule will be reviewed annually, and the OMPP will notify providers of future reimbursement updates, including the establishment of separate schedules for items specified by *405 IAC 5-19-3(c)*.

Billing and Prior Authorization for Oxygen and Oxygen Equipment

The update to reimbursement for oxygen and oxygen equipment affects only those items listed in Table 1, and no other updates to reimbursement for oxygen and oxygen equipment are being made at this time. No changes are being made to billing policies or prior authorization requirements. Providers should continue to bill for oxygen and oxygen equipment and obtain prior authorization, where applicable, in the same manner as instructed prior to this bulletin.

Policies For Oxygen and Oxygen Equipment

IHCP providers are reminded of the following policies governing reimbursement of oxygen and oxygen equipment, excerpted from the IHCP Provider Manual:

- Oxygen contents are included in the rental allowance and will only be reimbursed separately when Medicaid, or another third party payer, has purchased an oxygen system and/or rented or purchased only a portable oxygen system.
- Accessories, including but not limited to, cannulas, masks, and tubing are included in the allowance for rented systems and may not be separately billed to the IHCP unless they are used with a purchased system.
- Spare tanks of oxygen or emergency oxygen inhalators will be denied as medically unnecessary, as they are considered precautionary and not therapeutic in nature.
- Oxygen, oxygen equipment, and necessary supplies for the usual care and treatment of patients in long term care facilities are reimbursed in the facility’s per diem rate. IHCP will not reimburse these items separately to the facility, a pharmacy, or other provider.

Additional Information

Direct questions about the information in this bulletin to the Customer Assistance Unit at (317) 655-3240 in the Indianapolis local area or 1-800-577-1278.