

# Reimbursement Policy

## Durable Medical Equipment (DME) Rental vs. Purchase

REIMBURSEMENT POLICY NUMBER: 24

**Effective Date:** 6/1/2026

**Last Review Date:** 5/2026

**Next Annual Review:** 5/2027

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**INSTRUCTIONS FOR USE:** Company reimbursement policies serve as guidance for the administration of plan benefits, reimbursement methodologies, and acceptable billing practices, intended to help health care providers submit claims accurately in order to reduce delays and ensure more accurate claim adjudication. Reimbursement policies do not constitute a guarantee of coverage. They allow for the consistent application of our member contracts, provider contracts, clinical edits, and medical policies. In the event of a conflict between one of these documents and a reimbursement policy, these documents will take precedent over the reimbursement policy. If contracts and policies are silent, the Company may defer to guidance from the Centers for Medicare & Medicaid Services (CMS) when available and applicable. In addition to correct billing practices, in order to qualify for reimbursement, all services, items, and procedures must be covered member benefits and must also meet applicable authorization and medical necessity guidelines. 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.

### SCOPE AND APPLICATION

Provider Type:

DMEPOS Suppliers

Plan Product:

Commercial

Medicare

Medicaid/Oregon Health Plan (OHP)

### POLICY STATEMENT

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

## 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.
- 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 1<sup>st</sup> 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 4/6/2026, 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 4/3/2026. <https://med.noridianmedicare.com/web/jddme/topics/modifiers>. Accessed 4/6/2026.
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 4/6/2026.

## POLICY REVISION HISTORY

Date	Revision Summary
8/4/2025	New Reimbursement Policy
6/2026	Annual review; no criteria changes