active MANAGEMENT
Practice Management, Medical Billing & Consulting
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Billing for Custom DMERC Products Not Picked Up By Patient

November 18, 2016

A. Date of Incurred Expense

If a custom-made item was ordered but not furnished to a beneficiary due to:

- Individual passing away
- Order cancellation by the beneficiary
- Beneficiary's condition changing and the item no longer being reasonable, necessary or appropriate.

Payment may be made based on the supplier's expenses. The expense is considered incurred on the date of any of the above. Payment may be made on either an assigned or unassigned claim.

B. Determination of Allowed Amount

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.
- The item was no longer reasonable, necessary or appropriate.

The Durable Medical Equipment Regional Carrier **(DMERC)**, carrier or intermediary, as appropriate, determines the services performed and the allowable amount appropriate in the particular situation. The carrier takes into account any salvage value of the device to the supplier.

Where a supplier breaches an agreement to make a prosthesis, brace, or other custom-made device for a Medicare beneficiary, e.g., an unexcused failure to provide the article within the time specified in the contract, payment may not be made for any work or material expended on the item. Whether a particular supplier has lived up to its agreement, of course, depends on the facts in the individual case.

There are slight variations in the procedure of each DME carrier. The provider has to call, find out and follow those, but for the most part they are similar to what is outlined below:

1. Submit a claim with the FULL billing amount you usually bill.
   - Date of Service should be Date of Refusal or Date of Death
2. Include in the narrative section a brief explanation of the situation. Mention that the item 'has no salvage value and is a complete loss'.
3. After receipt of claim, they may ask for more information such as a receipt of the purchase of the item, explanation of your other related costs such as staff time, your own time, etc. It is at the discretion of the carrier depending on many factors such as:
   a. Frequency of claims.
   b. Total amount involved.
   c. DME history of patient and provider.

Based on the above, the carrier will pay whatever they deem appropriate, even up to the full amount billed or nothing at all.

This decision can be appealed up to the various levels following usual procedures.