

**Policy terminated because coverage is provided under
NCHC Durable Medical Equipment and Supplies**

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1.0 Description of the Procedure, Product, or Service

United States Pharmacopeia (USP) Oxygen is a gaseous element existing free in the air. The USP determines the strength, quality and purity. It is administered by inhalation (breathing) with devices that provide controlled oxygen concentrations and flow rates to the recipient. Oxygen therapy should maintain adequate oxygen levels to the tissues and cells while avoiding oxygen toxicity (too much oxygen). The recipient's condition must be monitored to assure that the recipient is receiving the proper mixtures of gases, mists, and aerosols.

Oxygen supplies are those items necessary for the administration of oxygen to the home recipient.

2.0 Eligible Recipients

2.1 General Provisions

To be eligible, NCHC recipients must be enrolled on the date of service.

3.0 When the Procedure, Product, or Service Is Covered

3.1 General Criteria

NCHC covers procedures, products, and services related to this policy when they are medically necessary and

- a. the procedure, product, or service is individualized, specific, and consistent with symptoms or confirmed diagnosis of the illness or injury under treatment, and not in excess of the recipient's needs;
- b. the procedure, product, or service can be safely furnished, and no equally effective and more conservative or less costly treatment is available; **AND**
- c. the procedure, product, or service is furnished in a manner not primarily intended for the convenience of the recipient, the recipient's caretaker, or the provider.

3.2 Specific Criteria

- a. Benefits are provided for medically necessary USP oxygen and oxygen supplies when ALL of the following criteria have been met:
 1. The oxygen delivery is within three (3) days of the physician's prescription, and the prescription specifies:
 - (a) Diagnosis for the disease requiring oxygen;
 - (b) Oxygen concentration and flow rate;
 - (c) Frequency of use. If the oxygen is prescribed PRN, the anticipated duration of the necessity must be indicated. Initial coverage of PRN oxygen is limited to a maximum of six (6) months. If an extension is necessary, an arterial blood gas (ABG) report must be submitted to justify ongoing benefits and a new prescription is required;
 - (d) Method of delivery; **AND**

- (e) Duration of use. If the oxygen is prescribed on an indefinite basis, the case must be reviewed every six (6) months with an ABG report submitted to determine whether a medical need continues to exist.

AND

- 2. The recipient has a resting arterial oxygen partial pressure (PO₂) below 55 mm Hg. or an oxygen saturation level below 90%, and has severe oxygen deprivation symptomatology or findings that would be expected to improve with oxygen therapy, such as:
 - (a) Recurring congestive heart failure due to chronic cor pulmonale
 - (b) Erythrocytosis requiring repeated phlebotomies (Hct >56%)
 - (c) Pulmonary fibrosis
 - (d) Cystic fibrosis
 - (e) Bronchiectasis
 - (f) Chronic obstructive pulmonary disease (COPD)
 - (g) Cluster headaches when other treatment has failed. (For this indication, recipients do not need to meet the hypoxemia criteria above.)
- b. Portable oxygen systems are eligible for coverage only when necessary to meet the medical needs of a recipient who requires a stationary system.
 - 1. The physician's description must include the circumstances under which the portable system will be used; i.e., the medical purpose to be served by the portable oxygen which cannot be met by the stationary system.
 - 2. Portable systems must be of a design, size, weight, and capacity as to be compatible with the recipient's physical capability to handle the apparatus.
 - 3. Ordinarily, the "E" tank does not qualify as a portable oxygen system; however, there may be instances when an "E" tank may be considered medically necessary even though the recipient has a stationary tank at bedside. Benefits for "E" tanks shall be provided on an individual consideration basis.

4.0 When the Procedure, Product, or Service Is Not Covered

4.1 General Criteria

Procedures, products, and services related to this policy are not covered when

- a. the recipient does not meet the eligibility requirements listed in **Section 2.0**;
- b. the recipient does not meet the medical necessity criteria listed in **Section 3.0**;
- c. the procedure, product, or service unnecessarily duplicates another provider's procedure, product, or service; or
- d. the procedure, product, or service is experimental or investigational.

4.2 Specific Criteria

- a. Oxygen therapy is considered not medically necessary and is not covered when criteria specified in **Subsection 3.2** are not met. This includes oxygen therapy for the following conditions:
 1. Oxygen used in the treatment of angina pectoris in the absence of hypoxemia;
 2. Breathlessness without evidence of hypoxemia;
 3. Severe peripheral vascular disease resulting in clinical symptoms occurring due to lack of oxygen in one or more extremities;
 4. Terminal illnesses that do not affect the lungs;
 5. Welder's oxygen.
- b. Benefits are excluded for:
 1. Oxygen and oxygen supplies in facilities that are expected to supply such items;
 2. Set-up or installation of respiratory support systems;
 3. Pre-set regulators (flow rate not adjustable) used with portable oxygen systems, as pre-set units are designed to be used as first aid items;
 4. Regulators which permit a flow rate of greater than eight liters per minute, as these units are not appropriate for home use; and
 5. An excessive number of tanks (more than one spare tank), as spare tanks are considered to be convenience items only.

5.0 Requirements for and Limitations on Coverage

5.1 Prior Approval

- a. Prior approval is required for the following codes: E0439, E0440, E0450, E0457, E0460, E1390, E1405, E1406, and the CPT/HCPCS modifier is RR (rental);
- b. Any oxygen equipment or supply for which reimbursement exceeds \$1000.
- c. A letter of medical necessity or plan of treatment signed and dated by the physician must be received by DMA's vendor prior to rendering the service. The documentation must include:
 1. Recipient demographics, including name, address, NC Health Choice ID and date of birth;
 2. Medical diagnosis
 3. Oxygen concentration and flow rate
 4. Frequency of use; and
 5. Duration of use
 6. Results of blood gas studies or oxygen saturation level
 7. Oxygen symptomatology
 8. Completed oxygen prescription form.

5.2 Limitations

- a. Benefits shall be provided for the most economical type of oxygen and oxygen supplies. When the amount of oxygen needed is relatively small (less than 2L/m), oxygen in gaseous form delivered in cylinders is usually the more economical means of administration. As the amount of needed oxygen increases, it may become more economical to use other systems, such as liquid oxygen or oxygen concentrators, which have a greater capacity to store or produce oxygen and thereby eliminate the comparatively more costly frequent deliveries of replacement oxygen.
- b. Benefits for all oxygen systems, including oxygen concentrators, are available on a capped rental basis and are limited to the purchase price of the equipment.
- c. Benefits are available for scheduled maintenance of purchased equipment and/or equipment for which the capped rental has been met.
- d. Charges for oxygen carts, racks, or stands are included in the supplier's fee for use of the oxygen tank, and, therefore, are not eligible for coverage as separate services.

6.0 Providers Eligible to Bill for the Procedure, Product, or Service

To be eligible to bill for procedures, products, and services related to this policy, providers shall

- a. meet NCHC qualifications for participation;
- b. be currently enrolled with NCHC; **AND**
- c. bill only for procedures, products, and services that are within the scope of their clinical practice, as defined by the appropriate licensing entity.

7.0 Additional Requirements

7.1 Compliance

Providers must comply with all applicable federal, state, and local laws and regulations, including the Health Insurance Portability and Accountability Act (HIPAA) and record retention requirements.

8.0 Policy Implementation/Revision Information

Original Effective Date: July 1, 2010

Revision Information:

Date	Section Revised	Change
July 1, 2010	Throughout	Policy Conversion: Implementation of Session Law 2009-451, Section 10.32 "NC HEALTH CHOICE/PROCEDURES FOR CHANGING MEDICAL POLICY."
<u>October 31, 2011</u>	<u>Notification</u>	<u>Policy Termination. Coverage for this policy is provided by NCHC policy 2011.09, Medical Equipment and Supplies.</u>

Attachment A: Claims-Related Information

Reimbursement requires compliance with all NCHC guidelines.

A. Claim Type

Professional (CMS-1500/837P transaction)

B. Diagnosis Codes

Providers must bill the ICD-9-CM diagnosis codes(s) to the highest level of specificity that supports medical necessity.

C. Procedure Code(s)

HCPCS codes				
E0424	E0425	E0430	E0431	E0434
E0435	E0439	E0440	E0441	E0442
E0443	E0444	E0450	E0455	E0457
E0460	E0461	E0463	E0464	E0470
E0471	E0472	E0481	E0560	E0561
E0562	E0565	E0571	E0572	E0574
E0580	E0585	E1353	E1355	E1372
E1390	E1391	E1392	E1399	E1405
E1406	K0738	S8120	S8121	E0500
E0550	E0555	E0570	E0571	E0572
E0574	E0575	E0580	E0585	
Note: The following HCPCS codes will deny if prior approval is not obtained. E0439, E0440, E0450, E0457, E0460, E1390, E1405, E1406, and the CPT/HCPCS modifier is RR (rental).				
Note: Any oxygen equipment or supply for which reimbursement exceeds \$1000 will deny if prior approval is not obtained.				

D. Modifiers

Providers are required to follow applicable modifier guidelines.

E. Billing Units

The appropriate procedure code(s) used determines the billing unit(s).

F. Place of Service

Home

G. Co-payments

Co-payment(s) may apply to covered prescription drugs and services.

H. Reimbursement

Providers must bill their usual and customary charges.