

**SECTION**  
**SERVICES**

**SUBJECT**

Specialized Medical Equipment and Supplies

REFERENCES: ARM: 37.90.449

**DEFINITION**

Specialized medical equipment includes devices, controls, or appliances specified in the service plan which enable members to increase their ability to perform activities of daily living (ADLs) or to perceive, control, or communicate with the environment.

This service also includes items necessary for life support, ancillary supplies and equipment necessary to the proper functioning of such items, and durable and non-durable medical equipment not available under the Medicaid State Plan. Items reimbursed with SDMI HCBS Waiver funds may be in addition to medical equipment and supplies furnished under the Medicaid State Plan and may exclude those items, which are not of direct medical or remedial benefit to the individual. All items must meet applicable standards of manufacture, design, and installation.

**SERVICE REQUIREMENT**

The following is a list of service requirements for specialized medical equipment and supplies:

- Must not be reimbursable under private health insurance, Medicaid State Plan (including EPSDT), Medicare part B Medical Equipment (DME) benefit, Home Health, or other third-party payers. SDMI HCBS Waiver is the payer of last resort. Medical Equipment paid for by the SDMI HCBS Waiver must have a denial from Medicare and/or Medicaid available in CaseWave prior to service being rendered. See Third Party Denial for further information;

**NOTE:** SDMI HCBS Waiver may not be used to pay member co-pays for equipment or supplies. If the durable medical equipment vendor does not accept Medicare or State Plan Medicaid fee assignments, SDMI HCBS Waiver may not reimburse the difference.

- Must be functionally necessary and relate specifically to the member's medical need or disability and be documented in the member's service plan;
- Must promote increased independence with ADLs, Independent Activities of Daily Living (IADL) and ensure health and safety in the home and community;
- Must be based on a reasonable expectation that the item will likely improve the member's functional abilities or the ability of a caregiver or service provider to maintain the member in a community setting and delay or prevent institutional placement;

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- Must be documented in the case record or service plan as the most cost-effective item that can meet the needs of the member;
- May include extended warranty coverage if cost effective with CPO approval; and
- Must be limited to a one-time purchase or rental with the exception of non-durable supplies not covered under Medicaid State Plan. Supplies that exceed Medicaid State Plan service limits may be approved by the Department if the coverage limit does not adequately meet the assessed need of the member.

**NOTE:** The Department, at its discretion, may authorize an exception to this policy. Any exception must be prior authorized by the Department and documented in the member's case record.

Specialized Medical Equipment and Supplies in excess of **\$500** must be prior authorized by the Department. Refer to form DPHHS-SDMI-149 found on CaseWave and policy SDMI HCBS 403.

**SERVICE LIMITATIONS**

Excluded items include but are not limited to:

- Items used for leisure, recreation, education and vocational purposes only and not determined to be necessary for the member to remain in their home or community;
- Items of clothing;
- Basic household furniture (e.g. beds for non-medical purposes);
- Non-medical supplies (e.g. cleaning products, routine personal care items);
- Educational items including computers, software, and books unless such items are purchased in conjunction with and required for assistive technology;
- Televisions, stereos, radios, VCRs, or DVDs;
- Cable, internet/satellite service, land lines or cell phone plans;
- Vehicles including partial purchase of vehicles; and

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- Groceries (Ensure or other liquid nutritional meal replacement products will be authorized up to one month at a time).

**PRIOR AUTHORIZATION AND MULTIPLE BIDS**

Equipment in excess of **\$500** must be prior authorized by the department (SDMI HCBS Policy 403 and DPHHS SDMI-149 found in CaseWave). The prior authorization may be required to include at least two estimates or bids. All bids must include an estimate of the costs. Provider costs of submitting an estimate or bid are not payable by the SDMI HCBS Waiver program. The lowest bid must be accepted; however, a bid that is within 10% difference of the lowest bid may be accepted at the member's choice. If two bids cannot be obtained, documentation must be present to show what efforts were made to secure multiple bids.

**THIRD PARTY LIABILITY DENIALS**

A formal denial is documentation from Medicare, Medicaid State Plan or a third party insurance that an item is non-coverable or written documentation from the DME provider, which includes the following:

- Reason for the denial;
- HCPC code (s); and
- The Local Coverage Determination (LCD) reference.

**NOTE:** A vendor refusal to bill Medicare or Medicaid State Plan or a refusal to accept Medicare or Medicaid State Plan reimbursement is not an allowable denial.

**EQUIPMENT RENTAL**

Specialized Medical Equipment may be rented if not covered by Medicare, Medicaid State Plan or another third party based upon the member's functional need and circumstances. In certain situations, the need for equipment may be time limited (e.g., a member is scheduled to undergo surgery and will need a shower chair during recovery). Case managers should base their decision to rent or purchase equipment on the most cost-effective option available for the anticipated period of need.

**EQUIPMENT REPAIR, MAINTENANCE, AND REPLACEMENT**

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Equipment repairs and replacement of parts, not covered by warranty, Medicare, Medicaid State Plan, or another third party may be reimbursed if the equipment continues to meet the criteria as outlined in the services requirements section of this policy.

Medicare and Medicaid State Plan payment may be available for repair, maintenance, and replacement of medically required DME including equipment previously purchased by SDMI HCBS Waiver or other third party.

The Case manager should contact the vendor where the equipment was originally purchased to determine if the equipment is covered under warranty. Travel and time spent by the vendor to evaluate equipment is not reimbursable. Copies of warranties or rental agreements should be kept in the case record.

Repair and/or replacement of equipment may be denied if it is determined, there was misuse of the equipment. Repairs of rental equipment are the responsibility of the rental provider.