

WAC 182-552-1600 Respiratory care equipment and supplies—Reimbursement—Methodology for purchase, rental, and repair. (1) The medicaid agency sets, evaluates, and updates the maximum allowable fees for respiratory care equipment and supplies at least once yearly, unless otherwise directed by the legislature or determined necessary by the agency.

(2) The agency sets the rates for medical equipment codes subject to the federal financial participation (FFP) limitation at the lesser of medicare's prevailing payment rates in the durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) fee schedule or competitive bid area (CBA) rate. For all other procedure codes, the agency sets rates using one of the following:

- (a) Medicare fee schedules;
- (b) Legislative direction;
- (c) Input from stakeholders or relevant sources that the agency determines to be reliable and appropriate;
- (d) Pricing clusters; or
- (e) A by-report (BR) basis.

(3) When there is only a rental rate on the DMEPOS fee schedule, the agency sets the maximum allowable purchase rate at the DMEPOS rate multiplied by ten. The agency sets the maximum allowable fee for daily rental at one three-hundredth of the new purchase price or one-thirtieth of the monthly rental rate on the DMEPOS fee schedule.

(4) When establishing payment rates for respiratory care equipment and supplies based on pricing clusters for a specific health care common procedure coding system (HCPCS) code, the maximum allowable fee is the median or average amount of all items in the cluster. The pricing cluster is made up of all the brands/models for which the agency obtains pricing information. However, the agency may limit the number of brands/models included in the pricing cluster due to any one or more of the following:

- (a) A client's medical needs;
- (b) Product quality;
- (c) Introduction, substitution, or discontinuation of certain brands/models; or
- (d) Cost.

(5) The agency evaluates a by-report (BR) item, procedure, or service for its medical necessity, appropriateness, and payment value on a case-by-case basis. The agency's payment rate is eighty percent of the manufacturer's list price or manufacturer's suggested retail price (MSRP), or one hundred percent (oxygen only) or one hundred twenty-five percent (all other respiratory items) of the wholesale acquisition cost (AC).

(6) The agency pay for repairs of client-owned equipment only, with prior authorization (PA). In addition to agency-specific forms identified in the agency's respiratory care billing guide, providers must meet all of the following requirements to receive PA and payment for a repair of client-owned equipment:

- (a) The provider must submit a manufacturer pricing sheet showing the manufacturer's list price, MSRP, or manufacturer invoice showing the cost of the repair, identifying and itemizing the parts. The invoice must indicate the wholesale AC, the manufacturer's list price, or MSRP for all parts used in the repair for which payment is being sought.

(b) The provider must follow HCPCS coding guidelines and submit a PA request accordingly with actual labor units identified and supported by documentation.

(7) The agency pays for actual labor charges according to the agency's current fee schedule. The agency does not pay for base labor charges or other administrative-like fees.

[Statutory Authority: RCW 41.05.021, 41.05.160 and 42 C.F.R. 431.16 Section 1903 (i)(27) of the Social Security Act. WSR 19-21-087, § 182-552-1600, filed 10/14/19, effective 11/14/19. Statutory Authority: RCW 41.05.021. WSR 12-14-022, § 182-552-1600, filed 6/25/12, effective 8/1/12.]