

Alaska Medical Assistance Provider Billing Manuals



Section I: Prosthetics and Orthotics Services, Policies, and Procedures

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Table of Contents

About This Manual	1
Provider Enrollment	2
Provider Participation Requirements and Responsibilities	2
Provider Participation Requirements for Prosthetic and Orthotic Suppliers	2
Provider Participation Responsibilities for Prosthetics and Orthotics Suppliers	2
Recipient Eligibility	3
Eligibility Codes	3
Service Authorization	4
Prescription Order	4
Prosthetics and Orthotics Services	6
Travel for Medical Care	6
Medicaid-Covered Services	6
Prosthetics and Orthotics	6
Administrative Expenses	7
Delivery and Shipping Costs	7
Non-covered Services	7
Claim Submission	8
Billing for Prosthetics and Orthotics	8
Pricing Methodology	11
Prosthetics and Orthotics Pricing	11
Pricing for Services and Supplies with Established Rates	11
Pricing for Services and Supplies without Established Rates	11
Pricing for Covered Miscellaneous HCPCS Codes	11
Pricing for Labor and Repair Parts	12
Pricing for Custom-Fabricated Prosthetics	12
Pricing for Out-of-State Services	12

About This Manual

The Department of Health and Social Services (DHSS) is the state agency designated to administer the Alaska Medical Assistance program, which includes:

- Medicaid
- Denali KidCare (DKC)
- Chronic and Acute Medical Assistance (CAMA)

Unless otherwise specified, references to the Alaska Medical Assistance program or Alaska Medical Assistance mean Medicaid, DKC, and CAMA. References to Alaska Medicaid, or Medicaid, mean only Medicaid and DKC.

This manual, *Section I: Prosthetics and Orthotics Services, Policies, and Procedures* is to be used by enrolled prosthetics and orthotics suppliers in conjunction with

- [Section II: Professional Claims Management](#)
- [Section III: General Program Information](#)

Updates to this manual will be necessary from time to time as federal and state medical assistance regulations are adopted. As updates are made, each affected segment of the manual will be annotated with the date of the change. Providers will be informed of these updates by remittance advice messages and announcements on the [Alaska Medicaid Health Enterprise](#). Previously published manuals are available upon request.

Thank you for your participation in the Alaska Medical Assistance program and for the services you provide.

Provider Enrollment

The following enrollment information is specific to prosthetics and orthotics suppliers. For general enrollment instructions and guidelines, refer to [Section III: General Program Information](#).

Provider Participation Requirements and Responsibilities

Provider Participation Requirements for Prosthetic and Orthotic Suppliers

In addition to the general conditions for participation identified in [Section III: General Program Information](#), prosthetic and orthotic suppliers must

- Have and maintain a valid business license issued under [AS 43.70](#) and [12 AAC 12](#).
- Maintain continuous accreditation or certification by the American Board for Certification in Orthotics, Prosthetics & Pedorthics, the National Examining Board of Ocularists, or other similar certifying agencies.
- Continuously employ at least one individual who maintains the credentials of Certified Orthotist, Certified Prosthetist, Certified Prosthetist/Orthotist, or Certified Pedorthist and who is “in-charge”.
- Be enrolled in Medicare.

7 AAC 120.300(a)

Provider Participation Responsibilities for Prosthetics and Orthotics Suppliers

Prosthetics and orthotics suppliers must

- Verify that the recipient is eligible to receive the product. Refer to [Recipient Eligibility Verification](#) in [Section III: General Program Information](#).
- Maintain proof of receipt for items supplied to recipients. Upon request, providers must submit proof of receipt to Alaska Medicaid.
- Accept returns of any substandard item.

7 AAC 120.300(c)

[Back to Top](#)

Recipient Eligibility

All references to recipient mean an individual who is eligible for and receiving assistance under an Alaska Medical Assistance program.

Eligibility Codes

The Department will pay an enrolled prosthetics and orthotics supplier for covered services provided to a recipient who is eligible for Alaska Medical Assistance under one of the following eligibility codes:

Eligibility Codes: Prosthetics and Orthotics	
Code	Category
11	Pregnant Woman (Alaska Healthy Baby Program)
20	No Other Eligibility Codes Apply
21	Chronic and Acute Medical Assistance (CAMA) Coverage Only
24	LTC (300 %) Institutionalized
30	Adults with Physical and Developmental Disabilities (APDD) Waiver – Special LTC
31	APDD Waiver
34	APDD Waiver – Adult Public Assistance (APA)/Qualified Medicare Beneficiary (QMB) Eligible
40	Alaskans Living Independently (ALI) Waiver – Special LTC
41	ALI Waiver
44	ALI Waiver – APA/QMB
50	Child under 21 and not in state custody (including subsidized adoptions)
51	Child under 21 and in state custody (including Title IV-E Foster Care)
52	4-month Post-MAGI Medicaid eligibility (increased spousal support)
54	Supplemental Security Income (SSI) Disabled Child
69	Medicare Premium Assistance – APA/QMB
70	Intellectual and Developmental Disabilities (IDD) Waiver
71	IDD Waiver
74	IDD Waiver – APA/QMB
80	Children with Complex Medical Conditions (CCMC) Waiver
81	CCMC Waiver
91	Individualized Supports Waiver (ISW) – Special LTC
92	ISW
93	ISW – Pregnant Woman
94	ISW – APA/QMB Eligible

[Back to Top](#)

Service Authorization

Providers must obtain a service authorization (SA) to receive reimbursement for

- Items or services indicated as requiring an SA on the [Alaska Medicaid DMEPOS Fee Schedule](#).
- Medical supplies, prosthetic or orthotic items or services that exceed the maximum allowed units as defined by the Alaska Medicaid DMEPOS Fee Schedule.
Maximum allowed units for:
 - Bilateral items or services are *per side*.
 - Items or services categorized as additions to a prosthesis or orthosis are *per prosthesis or orthosis*.
 - All other items or services are as defined on the fee schedule.
- Items that are identified by miscellaneous HCPCS codes.
- Prosthetic or orthotic items or services with a charge exceeding \$10,000.
- Replacement item prior to the end of the item's useful lifetime.

In order to obtain an SA, providers must submit to Conduent a completed [Certificate of Medical Necessity \(CMN\)](#) accompanied by a prescription order from the enrolled ordering physician, physician assistant, or advanced practice registered nurse and documentation that the item or service is necessary to treat, correct, or ameliorate a defect, condition, or physical or mental illness if the recipient is under 21 years of age. A prescription order may be part of the CMN, as long as all of the components of a prescription order are included. Refer to [Prescription Order](#) in this section. Alaska Medicaid accepts CMNs prepared by prosthetics and orthotics suppliers when reviewed and signed by the recipient's prescribing provider.

Note: A recipient's medical record must contain a copy of the signed CMN and all supporting documentation.

7 AAC 120.300(d-f), 7 AAC 120.310

Prescription Order

A prescription order for all prosthetics and orthotics and related services must contain the following:

- Recipient's name and date of birth,
- Item or service being prescribed,
- ICD diagnosis code,
- Quantity of item or service being prescribed,
- Duration or estimated length of need for the item or service, and
- Enrolled prescribing provider's signature and signature date.

The [Certificate of Medical Necessity \(CMN\)](#) may serve as the prescription order as long as all of the components listed above are included.

A prescription order, or a CMN serving as a prescription order, will be accepted for no more than one year from the signature date forward. Retrospective prescription orders, with current day signature, may be considered on a case by case basis.

The prescriber's hardcopy original or authenticated digital signature from an electronic health record system must be affixed to the prescription order or CMN serving as a prescription order. Alaska Medicaid will not accept a signature stamp or a copy of a signature as part of a valid prescription order even if

[Back to Top](#)

affixed to the prescription order by the prescriber. Alaska Medicaid will accept a prescription order or CMN with the prescriber's signature received via fax.

7 AAC 120.300(d), (g-h)

[Back to Top](#)

Prosthetics and Orthotics Services

Alaska Medical Assistance reimburses enrolled providers for medically necessary services for eligible recipients when delivered, ordered, or prescribed by a provider within the scope of the provider's license or certification.

Services rendered based on a prescription, order, or referral are reimbursable only if the prescribing, ordering, or referring provider is enrolled as an Alaska Medical Assistance provider.

Travel for Medical Care

Alaska Medicaid covers transportation and accommodation services when travel is required to receive non-emergent, medically necessary services.

For additional information about non-emergent transportation, including how to request a service authorization, refer to [Arranging Patient Travel](#).

Medicaid-Covered Services

Prosthetics and Orthotics

Alaska Medicaid covers prosthetics and orthotics (P&O) and services if the item(s) or service(s) are

- Prescribed by an enrolled physician, physician assistant, or advanced practice registered nurse acting within the scope of their license
- Appropriate for use in the recipient's home and community
- Not provided by, or under arrangements made by, a home health agency
- Dispensed in compliance with a valid prescription order
- Given a service authorization, if necessary. Refer to [Service Authorization](#) in this section.

Follow-up fittings and adjustments may be covered on a per 15-minute basis unless those services were included in and previously reimbursed under a bundled rate.

7 AAC 120.300(b)

Labor and Repair Parts

Alaska Medicaid covers labor and repair parts for damaged items if all warranties are expired, the cost of repair is less than half of the cost of a new item and the repair has a minimum 30-day warranty. The provider billing for repairs must provide the following documentation:

- A statement signed by the recipient or the recipient's authorized representative that describes the cause for and nature of the repair
- A description of the item or service being repaired and its serial number, if available
- The beginning and end dates of warranty coverage, if available

[Back to Top](#)

- Documentation for labor charges that includes the amount of time spent on the repair, rounded up to the nearest quarter hour, and the hourly rate charged for the repair
- An itemized list of parts used in repair and associated costs.

Alaska Medicaid may cover labor and parts costs associated with adjustments to a prosthetic medically necessary to prevent injury to the residual limb due to residual limb measurement changes that do not require a full new customized prosthetic.

Alaska Medicaid may cover shipping costs from the manufacturer to the provider for customized P&O repair and replacement parts that are specialized or unique to a recipient's equipment and for which the final unaltered purchase invoice price exceeds \$250. Refer to [Unaltered Final Purchase Invoice](#) in this section.

Note: The shipping method used must be the most cost effective method available.

7 AAC 145.421(f), (h-i)

Administrative Expenses

The following costs are considered administrative expenses and are included in the payment for prosthetics and orthotics:

- Telephone responses to questions
- Mileage
- Travel expenses
- Travel time
- Setting up an item
- Installation
- Preparation and maintenance of necessary records
- Orientation and training regarding the proper use of the item

7 AAC 120.300(i)

Delivery and Shipping Costs

Prosthetics and orthotics (P&O) suppliers may be reimbursed for the reasonable and necessary direct costs of delivering or shipping P&O from the dispensing provider to the recipient or from the recipient to the dispensing provider for the repair of recipient owned equipment when using the most cost effective means if

- The recipient resides outside the municipality where the business of the enrolled dispensing provider is located,
- The item or service is unavailable from an enrolled provider where the recipient resides, and
- The submitted claims and supporting documents include the
 - Recipient's name
 - Delivery address
 - Itemized list of products in the shipment or delivery
 - Shipment and delivery date
 - Recipient's signature with the date of receipt
 - Total shipping and delivery charges substantiated by a paid shipping invoice reflecting actual payment, minus all discounts

Providers may be reimbursed for the reasonable direct costs of delivery or shipping from the manufacturer to the provider for customized or optimally configured durable medical equipment repair and replacement parts that are specialized or unique to a recipient's equipment and for which the final unaltered purchase invoice price exceeds \$250. Providers must submit the final purchase invoice for the

[Back to Top](#)

replacement items or repair and which must include the shipping costs by the most cost-effective shipping method. Refer to [Unaltered Final Purchase Invoice](#) in this section.

Alaska Medicaid may cover shipping costs due to the recipient traveling for medical, educational, or vocational reasons. Documentation from the prescribing physician supporting the recipients' reason for travel must be submitted with the claim to include estimated duration of travel.

Note: The shipping method used must be the most cost effective method available.

Alaska Medicaid may cover shipping costs if a member resides within a municipality that has an enrolled provider if the dispensing provider submits documentation attesting that the member has attempted to acquire the item from the locally enrolled provider and the item was not available.

Multiple shipments on the same date of service for a single member must be consolidated into a single shipment where possible. Where shipping consolidation is not feasible, submit the total shipping charges for all shipments on a single claim line and attach all shipping receipts to the claim.

7 AAC 120.300(i), 7 AAC 145.421(i)

Non-covered Services

The services listed below are not covered for prosthetics and orthotics (P&O) suppliers. This list is representative of non-covered services and procedures and is not intended to be all-inclusive. For additional non-covered services, refer to [Section III: General Program Information](#).

- Repair, return shipping, or preventive maintenance or service of P&O that is already included in the rental fee or warranty
- Repair or preventative maintenance or service of P&O for which there is no documented medical necessity for the continued use of that item
- Shipping costs related to recreational travel
- Labor and repair parts if the item is covered under a manufacturer's or supplier's warranty, or if the labor or parts are necessary to repair an item that needs repair because of a manufacturer's defect
- Medical supplies that are required under federal law to be provided at no cost to employees, including gloves, masks, and isolation gowns
- Services rendered during any period in which the provider is out of compliance with provider enrollment requirements.

7 AAC 120.305, 7 AAC 145.421(i)

Claim Submission

Refer to [Section II: Professional Claims Management](#) for claim submission instructions and to [CMS-1500 Claim Form Instructions](#) for claim form completion instructions specific to Alaska Medicaid.

Billing for Prosthetics and Orthotics

The [Alaska Medicaid DMEPOS Fee Schedules](#) list procedure codes for covered prosthetics and orthotics (P&O) items and services, service authorization or medical justification requirements, and the maximum allowable reimbursement rate. Providers should use these codes when submitting a claim.

Medical Justification

Claims for P&O items and services requiring medical justification must be submitted with a prescription order for the specific items and/or services, including any customizations.

Unpriced Covered Prosthetics and Orthotics (aka *By Report*)

Claims for P&O that are covered but unpriced will be listed as By Report on the [Alaska Medicaid DMEPOS Fee Schedule](#) and must have an unaltered final purchase invoice or itemized list of costs attached. Claims for unpriced P&O submitted without the required unaltered final purchase invoice or itemized list of costs or submitted with anything other than an unaltered final purchase invoice will be denied. Refer to [Unaltered Final Purchase Invoice](#) below.

7 AAC 145.421(d)(k)

Item Type	Document(s) Needed
Prefabricated Items – Non-Miscellaneous	Unaltered Final Purchase Invoice from Manufacturer to Supplier
Prefabricated Items – Miscellaneous	Unaltered Final Purchase Invoice from Manufacturer to Supplier
Custom Items – Miscellaneous	<p>An itemized list of at least 10 parts, for items with more than 10 parts, with no provider mark-up</p> <p>OR</p> <p>An itemized list of the cost of all parts used to manufacture the custom prosthetic or orthotic with no provider mark-up plus labor charge priced at the L7520 payment rate per 15 minutes and additional costs (bundled) paid up to \$1064.10; the bundled items include the initial evaluation, diagnostic checks and follow-up</p> <p>Reimbursement cannot be determined if an itemized listing for custom items is not submitted.</p>

[Back to Top](#)

Unaltered Final Purchase Invoice

A final purchase invoice that has legible markings on it will not be considered altered as long as the markings

- Were made by the enrolled provider on the original invoice
- Were made as part of their normal business practices
- Do not remove, erase, redact, omit, or otherwise modify the invoice resulting in the information becoming illegible
- Appear on both the original invoice and the copy submitted to Alaska Medicaid

The price on the invoice must match the final price paid by the enrolled provider.

7 AAC 145.421(k)

Delivery or Shipping Costs of Dispensed Items

When the charge for delivering or shipping dispensed items to a recipient outside the community exceeds \$50, the claim and supporting documents must include:

- Recipient's name
- Delivery address
- Itemized list of products shipped/delivered detailing:
 - Product name
 - Product identifier
 - Quantity
 - Serial number, if applicable
- Shipment and delivery date
- Recipient's signature with date of receipt
- Total charges minus all discounts, substantiated by a paid shipping invoice reflecting the actual payment

Shipping Costs for Customized Repair and Replacement Parts

Claims for costs incurred when shipping repair or replacement parts for customized or optimally configured P&O from the manufacturer to the provider must have a final unaltered purchase invoice attached. The unaltered final purchase invoice must include the purchase invoice for the replacement items or repair and shipping costs. If the unaltered final purchase invoice contains one or more items in addition to the repair or replacement part, Alaska Medicaid will pay for the shipping cost attributed to the repair or replacement part. The shipping cost attributed to the repair or replacement part will be calculated by dividing the shipping cost on the unaltered final purchase invoice by the number of items purchased and multiplied by the number of repair or replacement parts specific to the recipient's need.

7 AAC 120.300(i), 7 AAC 145.421(i)

Lateral and Bilateral Items

Many P&O items or services require the provider to indicate which side of the body the item or service is being applied. Providers must submit these items or services with the appropriate LT (left) or RT (right) modifier. If billing bilateral items or services, submit each side on a separate claim line of the same claim.

[Back to Top](#)

National Correct Coding Initiative (NCCI)

In the event a recipient is prescribed a unique combination of prosthetics or orthotics that are outside of standard practices, initial claims may receive one or more NCCI edits even if the provider obtained an service authorization prior to dispensing.

- Medically Unlikely Edits (MUE) – The quantity of items/services being billed generally exceeds medical necessity when provided concurrently.
- Procedure-to-Procedure Edits (PTP) – The items/services being billed generally exceed medical necessity if provided concurrently. This edit includes:
 - Billing for a primary item/service in addition to secondary item/services that are inherently included in the primary item/service.
 - Billing two or more similar items/services for the same anatomic structure or extremity that is used for the same purpose.

Claim lines that receive an NCCI edit will be automatically denied. Providers are encouraged to review their claim for any errors and resubmit or adjust the claim as needed.

If the submitted claim is correct, providers may utilize the appeal processes and submit a [First Level Appeal](#) to Alaska Medicaid. NCCI appeals must include a prescription order for all items/services and medical records supporting medical necessity of all items/services concurrently. Providers should follow the entire first and second level appeal processes as needed.

Pricing Methodology

Prosthetics and Orthotics Pricing

Pricing for Services and Supplies with Established Rates

Alaska Medicaid reimburses prosthetics and orthotics (P&O) providers for items and services provided to recipients in Alaska at 100 percent of the amount listed on the current quarter's Medicare DMEPOS Fee Schedule. Items and services that are only billable by P&O providers are reimbursed at 120 percent of the current quarter's Medicare DMEPOS Fee Schedule.

7 AAC 145.421(b)

Pricing for Services and Supplies without Established Rates

Prosthetics and orthotics billed under non-miscellaneous HCPCS codes that do not have an established rate on the current quarter's Medicare DMEPOS Fee Schedule, [Alaska Medicaid DMEPOS Fee Schedules](#), or Alaska Medicaid DMEPOS Interim Fee Schedule will be manually priced by Alaska Medicaid based on the submitted unaltered final purchase invoice price plus 35 percent until a rate is set by CMS or Alaska Medicaid. A rate will be set for a covered, non-priced, non-miscellaneous HCPCS code when at least 10 claims have been paid and one or more claims have been paid to at least two different enrolled providers. The rate set for the code will be based on the following criteria:

Median unaltered final purchase invoice price under \$5,000:

- Median price of the first 10 claims plus 35 percent.
- Median price of all claims paid for the item plus 35 percent if 15 or more claims are paid but claims have not been paid to at least two different enrolled providers for the particular HCPCS code.

Median unaltered final purchase invoice price \$5,000 or more:

- Median price of the first 10 claims plus 30 percent.
- Median price of all claims paid for the item plus 30 percent if 15 or more claims are paid but claims have not been paid to at least two different enrolled providers for the particular HCPCS code.

When applicable, the maximum allowable rental rate for an un-priced covered item defined under a non-miscellaneous code is 10 percent of the rate determined above.

Rates established for a covered code that CMS has not issued a rate for may be published on the Alaska Medicaid DMEPOS Interim Fee Schedule. Providers may request formal research of these covered codes that CMS has not issued a rate for using the [Durable Medical Equipment/Prosthetics and Orthotics Price Research Request](#) form. If Alaska Medicaid decides to revise the procedure code rate, the established rate will not be retroactive and will apply to future dates of service only.

7 AAC 145.421(c), (k)

Pricing for Covered Miscellaneous HCPCS Codes

Covered items submitted using a miscellaneous HCPCS code that do not have an established rate will be paid at the unaltered final purchase invoice price plus 20 percent, except when the covered item is a customized prosthetic or orthotic item manufactured under the oversight of and signed off by a certified professional. Alaska Medicaid will not set a generic rate for the HCPCS code, but may at a future date set

[Back to Top](#)

a rate based off the National Drug Code or other product identifier and require the unique identifier on the submitted claim.

7 AAC 145.421(d)

Pricing for Labor and Repair Parts

Alaska Medicaid reimburses enrolled prosthetics and orthotics (P&O) providers for labor and repair parts for damaged P&O at the corresponding labor rate listed on the [Alaska Medicaid DMEPOS Fee Schedule](#), for each 15 minutes of labor.

7 AAC 145.421(f)

Pricing for Custom-Fabricated Prosthetics

Custom-fabricated prosthetics and orthotics will be reimbursed based on the most applicable HCPCS at the lesser of

- billed charges or
- a price ceiling based on either
 - An itemized list of at least 10 parts, for items with more than 10 parts, with no provider mark-up multiplied by 180 percent
 - An itemized list of the cost of all parts used to manufacture the custom prosthetic or orthotic with no provider mark-up multiplied by 160 percent plus labor charge priced at the L7520 payment rate per 15 minutes and additional costs (bundled) paid up to \$1064.10; the bundled items include the initial evaluation, diagnostic checks and follow-up

7 AAC 145.421(g)

Pricing for Out-of-State Services

Alaska Medicaid reimburses prosthetics and orthotics providers for items and services provided to recipients physically located outside the state of Alaska at 100 percent of the current quarter's Medicare DMEPOS Fee Schedule for items and services in the state where the item or service is provided.

7 AAC 145.421(b)