



March 1, 2018

Provider News

Reminder: DME Billing

Please note this friendly reminder regarding billing for Durable Medical Equipment (DME).

Upper Billing Limit

Claims for DME and accessories should not exceed the amount that is lesser of:

- * The usual charges made to the general public; or,
- * The net purchase price of the item, which must be documented in the provider's books and records, plus no more than a 100% markup.

Net Purchase Price

The net purchase price is the actual cost to the provider to purchase the item from the seller, including any rebates, refunds, discounts, or any other price reducing allowances known by the provider at the time of billing the Medi-Cal program for the item, that reduces the item's invoice amount.

It shall reflect the price reductions guaranteed by any contract to be applied to the item(s) billed to the Medi-Cal program. It shall not include provider costs associated with late payment penalties, interest, inventory costs, taxes, or labor. Providers shall not submit bills for items obtained at no cost. Claims for items of rented DME are excluded from the Upper Billing Limit provisions regarding "net purchase price" of an item, as noted above.

For more information, please reference the Alliance Provider Manual and the Medi-Cal Manual. Your compliance with DME billing guidelines is appreciated.