



State of California—Health and Human Services Agency  
Department of Health Care Services



ARNOLD SCHWARZENEGGER  
Governor

July 26, 2007

N.L.: 10-0707  
Index: Benefits  
Supersedes N.L.: 01-0107

TO: CALIFORNIA CHILDREN'S SERVICES (CCS) PROGRAM COUNTY ADMINISTRATORS, MEDICAL CONSULTANTS, STATE CHILDREN'S MEDICAL SERVICES (CMS) BRANCH STAFF, AND REGIONAL OFFICE STAFF

SUBJECT: REVISED GUIDELINES FOR AUTHORIZATION OF OXYGEN, OXYGEN DELIVERY EQUIPMENT, AND RELATED SUPPLIES

## I. INTRODUCTION

The purpose of this Numbered Letter is to provide updates to N.L. 01-0107 to reflect the changes in Medi-Cal program policies for the reimbursement and billing of oxygen and reiterate CCS program policy on the authorization of oxygen, oxygen delivery equipment and related supplies. This CCS Numbered Letter supersedes N.L.: 01-0107.

## II. BACKGROUND and EQUIPMENT

- A. N.L.: 01-0107 provided CCS staff with authorization guidelines, and coding instructions for authorization of these items consistent with the new Medi-Cal regulations and code revisions. Information on all of the changes are available on the Medi-Cal website, [www.Medi-Cal.ca.gov](http://www.Medi-Cal.ca.gov) (go to "Allied Health Provider Manual", then "Durable Medical Equipment", then "Bill for Oxygen and Respiratory Equipment", and "Billing Codes and Reimbursement Rates").
- B. Oxygen may be delivered to a client from gaseous tanks, a liquid oxygen tank, or an electric oxygen concentrator. The following are the oxygen delivery systems available for providing oxygen in the home:

### 1. Gaseous Systems

These are available as a stationary or portable tank (cylinder), and come with a regulator, flowmeter, humidifier, nebulizer, cannula or mask and tubing. Only an oxygen vendor can refill tanks. A stationary cylinder, depending on size,

lasts from 25-60 hours on two liters per minute (LPM) flow rate. The portable cylinders come in capacities from 115 - 500 liters, weigh 10-14 pounds, and last 3-5 hours at two LPM, depending on the size of the cylinder. These systems may be purchased or rented. However, even if the oxygen system is purchased, the cylinders remain the property of the supplier. The gaseous content refills are purchased separately.

## 2. Oxygen Concentrator

This device electrically generates oxygen of approximately 98 percent concentration from room air. The usual concentrator is considered stationary, but is on wheels and can be wheeled from room to room and occasionally transported in a vehicle if necessary (there is only limited emergency battery mode). It weighs 35-50 pounds. The concentrator is designed for clients who require a flow rate of up to five LPM, and who are homebound or have minimal portability needs. The cost to the client for electricity is a consideration with an oxygen concentrator. Rental of this system includes the humidifier, tubing, masks, and cannula, and a portable gaseous oxygen tank for emergency use (power failure, etc.). If portable oxygen is required for regular client activities, a portable gaseous or liquid system must be authorized separately.

Recently, portable oxygen concentrators have become available, but these do not deliver 98 percent oxygen (some are as low as 30 percent) and many have very limited flow rate selections. Portable concentrators run on AC or DC and although they weigh between 10-20 pounds, they are not intended to be carried around during activities. For these reasons, the portable systems available are not well suited to pediatric clients.

Both types of concentrators may be rented, but only the stationary concentrator may be purchased when the vendor requests purchase.

## 3. Liquid Oxygen Systems

Oxygen is liquid when stored in a container under very high pressure, and vaporizes at room temperature when supplied via tubing to a patient. The liquid oxygen containers (cylinders) are available in both portable and stationary sizes. A portable system includes the portable liquid oxygen container, stationary liquid oxygen supply reservoir for refilling the portable container, humidifier, flowmeter, cannula or mask, tubing, and a carrying bag. A portable cylinder weighs as little as 3.5 pounds and can last up to about 7

hours at two LPM, depending on cylinder size. It is usually used in conjunction with a stationary gaseous system or a concentrator for continuous home use. However large capacity stationary liquid cylinders for continuous use are also available. This system may be difficult to calibrate to accurately deliver flow of less than 1 LPM.

C. Other Oxygen Related Accessories and DME, and Gaseous and Liquid Refills for Equipment

The recent Medi-Cal oxygen policy modifications reflect new definitions for codes E0443 and E0444. These codes are used to purchase content refills of **portable** gaseous and **portable** liquid oxygen respectively. The changes include the following:

1. These codes may be used for the purchase of oxygen content refills if the portable oxygen delivery system is either owned **or rented**.
2. These codes may be used even when the client also uses a stationary oxygen delivery system.
3. A maximum of two units of portable oxygen contents can be authorized per month.
4. The new descriptions for the codes are as follows:
  - E0443 (gaseous contents)  
250 cubic feet for the first supply of contents and any amount for the second supply of contents (e.g., first supply of 250 cubic feet. equals one unit; second supply of any additional amount equals one unit), for a total of two units authorized.
  - E0444 (liquid contents)  
110 pounds for the first supply of contents and any amount for the second supply of contents (e.g., first supply of 100 pounds equals one unit; second supply of any additional amount equals one unit), for a total of two units authorized.
5. A new modifier, "**SC**", has been added. This modifier is used on claims to identify the second unit of oxygen provided for the client in a month.

### III. POLICY

The following CCS policy is effective for dates of service on or after August 1, 2007.

- A. Rental or purchase of an oxygen delivery system is a benefit of the CCS program for CCS eligible clients regardless of payer source when it is determined to be necessary to treat or ameliorate the CCS medically eligible condition. Oxygen delivery equipment is considered durable medical equipment (DME). Medical supplies for oxygen delivery equipment and gaseous or liquid oxygen tank refills are also benefits of the program. The CCS program requires prior authorization of all services including oxygen delivery equipment, related medical supplies, and oxygen tank content refills.
- B. The initial request for authorization of oxygen shall be from the CCS Special Care Center (SCC) or the CCS approved physician authorized to treat the client's CCS-eligible medical condition, for which oxygen is required. This will usually be a CCS approved pulmonologist working in conjunction with a pulmonary SCC. Prescriptions for continuation of oxygen may come from the CCS approved specialty physician or the CCS approved physician authorized to provide local care in conjunction with the CCS SCC. Each client must receive a full evaluation by the appropriate CCS/SCC team at least annually.
- C. A physician's prescription for oxygen, which states the specific flow rate in LPM and the hours of usage prescribed, must be submitted with the request for authorization. "PRN" oxygen flow rate prescriptions are not acceptable under the new Health Care Procedure Coding System coding regulations. A "PRN" oxygen flow rate shall be interpreted to mean "less than 1 LPM".
- D. Oxygen, oxygen delivery equipment, and related medical supplies are not separately authorizable for clients who reside in a pediatric subacute care facility (Title 22, CCR, Section 51511), but are separately authorizable for clients residing in an Intermediate Care Facility for the Developmentally Disabled-Nursing (ICFDD-N) (Title 22, CCR, Section 51510.3).
- E. Documentation required to be submitted with the request for initial or continuing authorization must include all of the following:
  - 1. A report of client evaluation by the CCS approved specialist physician authorized to provide care for the CCS eligible medical condition for which oxygen is prescribed, or the CCS SCC team evaluation within the previous 3 months.

2. Documentation of measurement of client's pO<sub>2</sub> by the approved physician, or SCC by oximetry, or other method, within the previous three months, which indicates the necessity for oxygen supplementation. Report of oximeter readings by caregiver using home oximeter is not acceptable.
  3. A current physician's prescription indicating the specific flow rate in LPM and the hours per day of oxygen usage from the authorized physician as stipulated in paragraph III-C above. "PRN" orders without prescribed flow rate cannot be authorized.
  4. Designation of type of stationary delivery system(s) being requested and indicating whether a portable system is necessary for activities outside of the home. The choice of the oxygen delivery system shall be determined by the CCS approved physician based on the oxygen flow rate, hours per day the oxygen is prescribed, and the mobility of the client outside of home.
- F. Authorization for rental of an oxygen delivery system shall be issued for a specified period of time not to exceed 12 months.
- G. A portable system may be authorized for a client who requires oxygen at home only part-time. A portable system may be authorized in addition to a stationary system for a client who is not homebound and requires oxygen for activities outside of the home. Rental of an oxygen concentrator includes rental of a portable gaseous system for emergency back-up.
- H. CCS shall authorize necessary routine servicing for all purchased oxygen delivery equipment as well as repairs for owned equipment that is no longer covered by the manufacturer warranty. Servicing shall be performed in the home if CCS has authorized rental of a ventilator or other frequently-serviced respiratory items for the client. Otherwise, the client must usually return the owned equipment to the vendor for servicing. All servicing and repairs for rented equipment is included in the rental reimbursement rate.
- I. Oxygen delivery equipment may be purchased or rented, with the exception of a portable oxygen concentrator, which can be rented only, and a stationary oxygen concentrator, which can be purchased only upon vendor request. Rental shall be authorized when the need is expected to be short-term (less than six months) or the duration of need is uncertain.

- J. Supplies required for the administration of oxygen (including tubing, cannula, mask, and humidifier) are a CCS benefit and may be authorized for purchase when the client owns the oxygen delivery system. These are not separately authorizable when the system is rented.

#### **IV. IMPLEMENTATION**

- A. Implementation instructions in sections B and C below utilizing the revised HCPCS coding system are effective for dates of service on or after August 1, 2007.

- 1. Previously issued authorizations for oxygen delivery equipment or oxygen content refills, which include dates of service on or after August 1, 2007, may be modified if the need for oxygen exceeds the definition of one unit per month.
- 2. Authorizations issued retroactively for dates of service prior to the implementation date must be issued under the old coding system, and a separate authorization utilizing the revised coding system shall be issued for the dates on or after the implementation date.

- B. Authorizations for rental of equipment:

- 1. Definition of UNIT

"One unit of oxygen" is defined as equal to one month's supply, regardless of the quantity of oxygen (flow rate) required to meet the needs of the client, except for oxygen provided by a portable system. The units being authorized must be stipulated when authorizing rental of any of the delivery systems (See Attachments 1, 2) or purchase of oxygen contents for a delivery system that is owned or rented.

The maximum for one month's supply of oxygen for a stationary system is one unit. In contrast, the maximum for one month's supply of oxygen for a portable system is two units.

- 2. Modifiers

There are six modifiers (listed in the table below) that designate the quantity of oxygen being utilized by the client, whether a portable system is prescribed in addition to a stationery system, and if the supply of oxygen is considered a medically necessary service/supply.

One of the first four modifiers (listed in the table below) must be applied to the HCPCS code for the rental of a stationary gaseous system (E0424), a liquid system (E0439), or a stationary oxygen concentrator (E1390).

Apply the "NU" modifier to the HCPCS code for the purchase of any oxygen delivery system or for the purchase of the first unit of gaseous or liquid oxygen refills for any oxygen delivery system.

Apply the "SC" modifier to HCPCS codes E0443 and E0444 if the client requires two units of gaseous or liquid oxygen refills for a portable oxygen delivery system for the same month of service.

For details on codes for these refills see Attachment 2.

| <b>Description</b>   | <b>Modifier</b> |
|--|-----------------|
| < 1 LPM of oxygen  | QE              |
| 1-4 LPM of oxygen  | RR              |
| >4 LPM of oxygen and a portable system is also prescribed**                  | QF**            |
| >4 LPM of oxygen and a portable System is <i>not</i> prescribed              | QG              |
| purchase of oxygen delivery system or of the first unit of any oxygen refill | NU              |
| medically necessary service/supply   | SC              |

\*\*When the highest flow rate is prescribed and both a stationary and portable system are requested (modifier QF), the provider will be reimbursed for only one of the systems, not both, as is outlined in the Provider Bulletin referenced above. However both systems must be authorized on the SAR as separate line items.

**NOTE:** Modifier "RR" retains its previous function to designate authorization of rental of all other types of DME. The new use, as defined in the table above to indicate oxygen flow rates, applies **ONLY** to the codes as stated above and listed in Attachment 1.

3. If, after appropriate requests are made for additional documentation to support the request, and the CCS case manager is still unable to obtain the specific flow rate prescribed by the physician, (i.e. the prescription lacks a flow rate or states "prn"), follow section III.C above and use modifier "QE".

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**Note:**

CCS policy on the timeline for action on requests for authorization of services was promulgated in N.L.: 20-0997, dated September 10, 1997, and is as follows:

Within five working days from the receipt of a request for service by the CCS program, the medical consultant/designee must decide whether to approve, deny, or modify a request for a CCS-eligible client or defer the request for additional information.

For questions regarding the information in this N.L. please contact your CCS Regional Office Medical Consultant.

**Original Signed by Marian Dalsey, M.D., M.P.H.**

Marian Dalsey, M.D., M.P.H., Chief  
Children's Medical Services Branch

Enclosure

| <b>SYSTEM:</b>                 |                    | <b>Description &amp; Components</b>  | <b>Length of Supply @ 2 LPM</b>   | <b>HCPSC Code</b> | <b>Modifier**</b>  |
|--------------------------------|--------------------|--|---|-------------------|--------------------|
| <b>Stationary Gaseous</b>      | <b>Rental</b>      | Stationary (H) tank, contents, regulator, flowmeter, humidifier, nebulizer, cannula or mask, and tubing.   | 25-60 hours depending on tank size.   | E0424             | QE, RR, QF or QG** |
|                                |                    | Tank stand is separately authorized  |   | E1355             |                    |
|                                | <b>Purchase</b>    | Same as above for initial purchase.  | Same  | E0425             | NU                 |
|                                |                    | Tank stand is separately authorized  |   | E1355             |                    |
| <b>Portable Gaseous</b>        | <b>Rental</b>      | Portable tank, regulator, flowmeter, humidifier, cannula or mask, and tubing.  | 3-6 hours depending on tank size.   | E0431             | RR                 |
|                                |                    | Cart is authorized separately.   |   | E1355             |                    |
|                                | <b>Purchase</b>    | Same as above for initial purchase.  | Same  | E0430             | NU                 |
|                                |                    | Cart is authorized separately.   |   | E1355             |                    |
| <b>Stationary Liquid</b>       | <b>Rental</b>      | Stationary container, contents indicator, regulator, flowmeter, humidifier, nebulizer, cannula or mask, and tubing.  | Varies depending on size  | E0439             | QE, RR, QF or QG** |
|                                | <b>Purchase</b>    | Same as above for initial purchase. See N.L. section IV.C for purchase of refills  | Same  | E0440             | NU                 |
| <b>Portable Liquid</b>         | <b>Rental</b>      | Portable container, stationary supply reservoir, humidifier, flowmeter, refill adaptor, contents guage, cannula or mask, tubing.   | 7-30 hours depending on size  | E0434             | RR                 |
|                                | <b>Purchase</b>    | Same as above for initial purchase. See N.L. section IV.C for purchase of refills  | Same  | E0435             | NU                 |
| <b>Stationary Concentrator</b> | <b>Rental</b>      | Electric. Concentrates room air to 85% or greater O2 at set flow rate. Rental includes all necessary supplies, set-up & servicing, and emergency port. gaseous system.                         | N/A   | E1390             | QE, RR, QF or QG** |
|                                |                    | Oxygen concentrator , same as above but dual delivery ports.   | N/A   | E1391             | QE, RR, QF or QG** |
|                                | <b>Purchase</b>    | Electric. Concentrates room air to 85% or greater O2 at set flow rate. Rental includes all necessary supplies, set-up & servicing, and emergency port. gaseous system. See N.L. Section III.I. | N/A   | E1390             | NU                 |
|                                |                    | Oxygen concentrator , same as above but dual delivery ports. See N.L. Section III.I.   | N/A   | E1391             | NU                 |
| <b>Portable Concentrator</b>   | <b>Rental only</b> | See N.L. Section II B.   | N/A   | E1392             | RR                 |
| <b>**Modifiers:</b>            |                    | QE - Less than 1 LPM<br>RR - 1 to 4 LPM  | QF - Greater than 4 LPM and portable system is prescribed<br>QG - greater than 4 LPM and portable system not prescribed |                   |                    |

Other Oxygen Related Accessories and DME  
Gaseous and Liquid Refills for Owned Equipment

| <b>Accessories</b>   |            |  |  |
|--|------------|--|--|
| Description  | HCPCS Code | Comments   |  |
| Cannula, nasal   | A4615      | purchase as a replacement item only when the oxygen delivery system is owned<br>(not allowed with an initial purchase) |  |
| Face Tent  | A4619      |  |  |
| Variable concentration mask  | A4620      |  |  |
| Humidifier, durable, glass or autoclavable plastic bottle type, for use with regulator or flowmeter  | E0555      |  |  |
| Regulator  | E1353      |  |  |
| <b>Refills</b>   |            |  |  |
| Description  | HCPCS Code | Modifier   | Comments   |
| Oxygen contents, gaseous<br>(for use with owned gaseous stationary systems or when both a stationary and portable gaseous system are owned)<br><b>one month's supply = one unit</b>  | E0441      | NU   | purchase only when the oxygen delivery system is owned             |
| Oxygen contents, liquid<br>(for use with owned liquid stationary systems or when both a stationary and portable liquid system are owned)<br><b>one month's supply = one unit</b>     | E0442      | NU   |  |
| Portable oxygen contents, gaseous<br>(use with portable gaseous systems)<br>(client may also use a stationary gas or liquid system)<br><b>maximum one month's supply = two units</b> | E0443      |  | purchase if the portable oxygen delivery system is owned or rented |
| first supply of 250 cu. Ft. = 1 unit   |            | NU   |  |
| any amount >250 cu ft. = 1 unit  |            | SC   |  |
| Portable oxygen contents, liquid<br>(use with portable liquid systems)<br>(client may also use a stationary gas or liquid system)<br><b>maximum one month's supply = two units</b>   | E0444      |  |  |
| first supply of 110 lbs = 1 unit   |            | NU   |  |
| any amount >110 lbs = 1 unit   |            | SC   |  |