

Nov. 26, 2024

Capped Rental Report

Capped rental items are paid on a monthly rental basis not to exceed 13 months of continuous use. Providers must inform members that they may rent or purchase inexpensive or routinely purchased durable medical equipment (DME) and of the purchase option for capped rental items. Refer to applicable sections of the [Equipment and Supplies](#) section of the Minnesota Health Care Programs (MHCP) Provider Manual for more about capped rental items.

Use the [Fee Schedule Lookup](#) on the Palmetto GBA website to determine a code's fee schedule category.

Modifiers

Use one of the following modifiers to indicate a purchase or rental:

- **NU:** New purchase
- **RR:** Rental
- **KH:** First capped rental month
- **KI:** Second and third capped rental months
- **KJ:** Fourth to 13th capped rental months

Payment

Payment may not exceed a period of continuous use longer than 13 months. After 13 months, the member owns the DME item. Rentals will only be paid up to the MHCP allowable amount.

All rental months, whether paid fee-for-service or by a prepaid health plan, count toward the purchase price unless there is a break in continuous use. A break in continuous use is defined as a period of 60 days or more during which the provider has removed the equipment from the member's home, or the member is not using the equipment because of an inpatient hospital or skilled nursing facility stay.

A period of continuous use allows for temporary interruptions in the use of equipment. A new capped rental period begins if more than 60 consecutive calendar days have lapsed from the date of service of the previous payment or if a new provider takes over the rental.

When a member transitions from managed care to fee-for-service, continue the capped rental period, unless 60 consecutive calendar days have lapsed or a new provider has taken over the rental.

When there is an interruption in billing for the equipment during the rental period, such as when the member is in a hospital or skilled nursing facility and the member continues to need the equipment, no additional payment will be made until the member resumes using the item in the member's home.

When there is an interruption in billing because the member no longer needs the equipment, a new rental period starts when medical necessity is reestablished.

MHCP reviews claims for capped rental items quarterly. MHCP will recoup the overpayment if a provider has billed and received payment for an amount that exceeds the allowable.

Email Matthew.Vierzba@state.mn.us for questions about the capped rental report. Call the [MHCP Provider Resource Center](#) at 651-431-2700 or 800-366-5411 for questions about claims.