§414.228 Prosthetic and orthotic devices.

(a) Payment rule. Payment is made on a lump-sum basis for prosthetic and orthotic devices subject to this subpart.

(b) Fee schedule amounts. The fee schedule amount for prosthetic and orthotic devices is determined as follows:

1. The carrier determines a base local purchase price equal to the average reasonable charge for items purchased during the period July 1, 1986 through June 30, 1987 based on the mean of the carrier’s allowed charges for the item.

2. The carrier determines a local purchase price equal to the following:
   (i) For 1989 and 1990, the base local purchase price is adjusted by the change in the level of the CPI-U for the 6-month period ending December 1987.
   (ii) For 1991 through 1993, the local purchase price for the preceding year is adjusted by the applicable percentage increase for the year. The applicable percentage increase is equal to 0 percent for 1991. For 1992 and 1993, the applicable percentage increase is equal to the percentage increase in the CPI-U for the 12-month period ending with June of the previous year.
   (iii) For 1994 and 1995, the applicable percentage increase is 0 percent.
   (iv) For all subsequent years the applicable percentage increase is equal to the percentage increase in the CPI-U for the 12-month period ending with June of the previous year.

(c) CMS determines a regional purchase price equal to the following:

1. For 1992, the average (weighted by the relative volume of all claims among carriers) of the local purchase prices for the carriers in the region.

2. For 1993 and subsequent years, the regional purchase price for the preceding year adjusted by the applicable percentage increase for the year.

3. CMS determines a national average purchase price equal to the unweighted average of the purchase prices determined under paragraph (b)(4) of this section for all carriers.

4. CMS determines the fee schedule amount equal to 100 percent of the purchase price determined under paragraph (b)(4) of this section, subject to the following limitations:
   (i) For 1992, the amount cannot be greater than 125 percent nor less than 85 percent of the national average purchase price determined under paragraph (b)(5) of this section.
Centers for Medicare & Medicaid Services, HHS

§ 414.229 Other durable medical equipment—capped rental items.

(a) General payment rule. Payment is made for other durable medical equipment that is not subject to the payment provisions set forth in §414.220 through §414.228 as follows:

(1) For items furnished prior to January 1, 2006, payment is made on a rental or purchase option basis in accordance with the rules set forth in paragraphs (b) through (e) of this section.

(2) For items other than power-driven wheelchairs furnished on or after January 1, 2006, payment is made in accordance with the rules set forth in paragraph (f) of this section.

(3) For power-driven wheelchairs furnished on or after January 1, 2006, payment is made in accordance with the rules set forth in paragraph (f) of this section.

(b) Fee schedule amounts for rental.

(1) For 1989 and 1990, the monthly fee schedule amount for rental of other covered durable medical equipment equals 10 percent of the purchase price recognized as determined under paragraph (c) of this section for each of the first 3 months and 7.5 percent of the purchase price for each of the remaining months.

(c) Determination of purchase price. The purchase price of other covered durable medical equipment is determined as follows:

(1) For 1989 and 1990. (i) The carrier determines a base local purchase price amount equal to the average of the purchase prices submitted on an assignment-related basis of new items supplied during the 6-month period ending December 1986.

(ii) The purchase price is equal to the base local purchase price adjusted by the change in the level of the CPI-U for the 6-month period ending December 1986.

(2) For 1991. (i) The local payment amount is the purchase price for the preceding year adjusted by the covered item update for 1991 and decreased by the percentage by which the average of the reasonable charges for claims paid for all other items described in §414.229, is lower than the average of the purchase prices submitted for such items during the final 9 months of 1988.

(ii) The purchase price for 1991 is the national limited payment amount as determined using the methodology contained in §414.220(f).

(3) For years after 1991. The purchase price is determined using the methodology contained in paragraphs (d) through (f) of §414.229.

(d) Purchase option. Suppliers must offer a purchase option to beneficiaries during the 10th continuous rental month and, for power-driven wheelchairs, the purchase option must also be made available at the time the equipment is initially furnished.

(1) Suppliers must offer beneficiaries the option of purchasing power-driven wheelchairs at the time the supplier first furnishes the item. Payment must be on a lump-sum fee schedule purchase basis if the beneficiary chooses the purchase option. The purchase fee is the amount established in §414.229(c).

(2) Suppliers must offer beneficiaries the option of converting capped rental items (including power-driven wheelchairs not purchased when initially...