

(2) The carrier adjusts the amounts determined under paragraph (c)(1) of this section by the change in the level of the CPI-U for the 6-month period ending December 1987.

(d) *Updating the fee schedule amounts for years after 1990.* For years after 1990, the fee schedules are determined using the methodology contained in paragraphs (d), (e), and (f) of § 414.220.

(e) *Transition to other payment classes.* For purposes of calculating the 15-month rental period, beginning January 1, 1994, if an item has been paid for under the frequent and substantial servicing class and is subsequently paid for under another payment class, the rental period begins with the first month of continuous rental, even if that period began before January 1, 1994. For example, if the rental period began on July 1, 1993, the carrier must use this date as beginning the first month of rental. Likewise, for purposes of calculating the 10-month purchase option, the rental period begins with the first month of continuous rental without regard to when that period started. For example, if the rental period began in August 1993, the 10-month purchase option must be offered to the beneficiary in May 1994, the tenth month of continuous rental.

(f) *Multi-function ventilators*—(1) Definition. For the purpose of this paragraph (f), a multi-function ventilator is a ventilator as defined in paragraph (a)(1) of this section that also performs medically necessary functions for the patient at the same time that would otherwise be performed by one or more different items classified under § 414.220, § 414.226, or § 414.229.

(2) *Payment rule.* Effective for dates of service on or after January 1, 2019, the monthly rental fee schedule amount for a multi-function ventilator described in paragraph (f)(1) of this section is equal to the monthly rental fee schedule amount for the ventilator established in paragraph (c) and paragraph (d) of this section plus the average of the lowest monthly cost for one additional function determined under paragraph (f)(3) of this section and the monthly cost of all additional functions determined under paragraph (f)(3) of this section, increased by the annual

covered item updates of section 1834(a)(14) of the Act.

(3) *Monthly cost for additional functions.* (i) For functions performed by items classified under this section prior to 1994, the monthly cost is equal to the monthly rental fee schedule amount established in paragraphs (c) and (d) of this section increased by the covered item update of section 1834(a)(14) of the Act.

(ii) For functions performed by items classified under § 414.220, the monthly cost is equal to the fee schedule amount for purchased equipment established in § 414.220(c), (d), (e), and (f), adjusted in accordance with § 414.210(g), divided by 60 months or total number of months of the reasonable useful lifetime of the equipment.

(iii) For functions performed by items classified under § 414.226, the monthly cost is equal to the monthly payment amount established in § 414.226(e) and (f), adjusted in accordance with § 414.210(g), multiplied by 36 and divided by 60 months or total number of months of the reasonable useful lifetime of the oxygen equipment.

(iv) For functions performed by items classified under § 414.229, the monthly cost is equal to the purchase price established in § 414.229(c), adjusted in accordance with § 414.210(g), divided by 60 months or total number of months of the reasonable useful lifetime of the equipment.

[57 FR 57690, Dec. 7, 1992, as amended at 60 FR 35497, July 10, 1995; 71 FR 4525, Jan. 27, 2006; 83 FR 57071, Nov. 14, 2018]

§ 414.224 Customized items.

(a) *Criteria for a customized item.* To be considered a customized item for payment purposes under paragraph (b) of this section, a covered item (including a wheelchair) must be uniquely constructed or substantially modified for a specific beneficiary according to the description and orders of a physician and be so different from another item used for the same purpose that the two items cannot be grouped together for pricing purposes.

(b) *Payment rule.* Payment is made on a lump sum basis for the purchase of a customized item based on the carrier's individual consideration and judgment of a reasonable payment amount for

§ 414.226

42 CFR Ch. IV (10–1–24 Edition)

each customized item. The carrier's individual consideration takes into account written documentation on the costs of the item including at least the cost of labor and materials used in customizing an item.

[56 FR 65998, Dec. 20, 1991, as amended at 58 FR 34919, June 30, 1993]

§ 414.226 Oxygen and oxygen equipment.

(a) *Payment rules*—(1) *Oxygen equipment*. Payment for rental of oxygen equipment is made based on a monthly fee schedule amount during the period of medical need, but for no longer than a period of continuous use of 36 months. A period of continuous use is determined under the provisions in § 414.230.

(2) *Oxygen contents*. Payment for purchase of oxygen contents is made based on a monthly fee schedule amount until medical necessity ends.

(b) *Monthly fee schedule amount for items furnished prior to 2007*. (1) Monthly fee schedule amounts are separately calculated for the following items:

(i) Stationary oxygen equipment and oxygen contents (stationary and portable oxygen contents).

(ii) Portable oxygen equipment only.

(iii) Stationary and portable oxygen contents only.

(iv) Portable oxygen contents only.

(2) For 1989 and 1990, the monthly fee schedule amounts are the local payment amounts determined as follows:

(i) The carrier determines the base local average monthly payment rate equal to the total reasonable charges for the item for the 12-month period ending December 1986 divided by the total number of months for all beneficiaries receiving the item for the same period. In determining the local average monthly payment rate, the following limitations apply:

(A) Purchase charges for oxygen systems are not included as items classified under paragraph (b)(1)(i) of this section.

(B) Purchase charges for portable equipment are not included as items classified under paragraph (b)(1)(ii) of this section.

(ii) The carrier determines the local monthly payment amount equal to 0.95 times the base local average monthly

payment amount adjusted by the change in the CPI-U for the six-month period ending December 1987.

(3) For 1991 through 2006, the fee schedule amounts for items described in paragraphs (b)(1)(iii) and (iv) of this section are determined using the methodology contained in § 414.220(d), (e), and (f).

(4) For 1991 through 2006, the fee schedule amounts for items described in paragraphs (b)(1)(i) and (ii) of this section are determined using the methodology contained in § 414.220(d), (e), and (f).

(5) For 2005 and 2006, the fee schedule amounts determined under paragraph (b)(4) of this section are reduced using the methodology described in section 1834(a)(21)(A) of the Act.

(c) *Monthly fee schedule amount for items furnished from 2007 through 2018*.

(1) For 2007, national limited monthly payment rates are calculated and paid as the monthly fee schedule amounts for the following classes of items:

(i) Stationary oxygen equipment (including stationary concentrators) and oxygen contents (stationary and portable).

(ii) Portable equipment only (gaseous or liquid tanks).

(iii) Oxygen generating portable equipment only.

(iv) Stationary oxygen contents only.

(v) Portable oxygen contents only.

(2) The national limited monthly payment rate for items described in paragraph (c)(1)(i) of this section is equal to the weighted average fee schedule amount established under paragraph (b)(5) of this section reduced by \$1.44.

(3) The national limited monthly payment rate for items described in paragraph (c)(1)(ii) of this section is equal to the weighted average of the fee schedule amounts established under paragraph (b)(5) of this section.

(4) The national limited monthly payment rate for items described in paragraph (c)(1)(iii) of this section is equal to the national limited monthly payment rate established under paragraph (c)(5) of this section, multiplied by 24, and divided by 36.

(5) The national limited monthly payment rate for items described in paragraphs (c)(1)(iv) and (c)(1)(v) of this