



DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES
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November 13, 2006

Attn: Medicaid Billing Department
Durable Medical Equipment Providers

To Whom It May Concern:

Pursuant to **ARSD 67:16:29:05, rental or purchase at department's discretion -- Ownership of purchased equipment**, South Dakota Medical Assistance has exercised a purchase only policy for all nebulizers. If a recipient's Private Health Insurance (PHI) policy is designed to only rent nebulizers, similar to Medicare's policy, then the provider needs to review coverage and determine if it is in their best interest to bill South Dakota Medicaid for the purchase of the nebulizer, which would then revert to the patient, or accept the PHI rental payments for the duration of the physician order and retain the nebulizer.

If the choice is to bill South Dakota Medicaid, then all PHI rental payments with the Explanation of Benefits (EOB) attached to the claim must be noted, and the nebulizer becomes the patient's. If the decision is made to not bill South Dakota Medicaid, then the provider can accept the PHI rental payments and retain the nebulizer for future rental, if so allowed under the PHI policy. If South Dakota Medicaid is billed for any portion of the remaining balance and a payment is made, the nebulizer is considered purchased and becomes the patient's property.

Also, please note that South Dakota Medicaid processes PHI and Medicare payments differently. Medicare's coinsurance and/or deductibles must be paid by South Dakota Medicaid for dual eligibles under Medicare guidelines. South Dakota Medicaid rules prevail when responsible for any remaining amount after PHI pays.

If you have any questions, please call 1-800-452-7691 and ask for the Telephone Service Unit.

Thank you for your cooperation in this matter.

Department of Social Services
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