

Medicare Implementation of SGD Coverage Guidance

Medicare's policy change for SGDs has had a profound positive impact on Medicare beneficiaries, and on persons who receive health benefits from other funding programs.

In 2001, the first year the new policy was effective, Medicare reported its payments for SGDs were:

Device Code	Number Purchased in 2001
K 0541	66
K 0542	93
K 0543	119
K 0544	476
Total, all Codes	754

In 2002, Medicare reported SGD purchases were:

Device Code	Number Purchased in 2002
K 0541	37
K 0542	116
K 0543	218
K 0544	893
Total, all Codes	1264

Thus, within 2 years, more than 2000 SGDs had been provided to Medicare beneficiaries pursuant to the new coverage criteria. By contrast, only 20 Medicare beneficiaries were able to get SGDs and Medicare reimbursement by purchasing their devices and appealing claims denials through the ALJ level of review in the 8 year period before this new guidance went into effect.

For 2003, Medicare reported SGD purchases continued to increase:

Device Code	Number Purchased in 2003 (Est. based on 86% of records reviewed)
K 0541	37
K 0542	77
K 0615	21
K 0616	13
K 0617	13
K 0543	330
K 0544	1128

Total, all Codes	1617
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A total for of 3,635 SGD's were purchased by Medicare in the first 3 years of SGD coverage. This sum represents the greatest number of SGD's approved by any funding program over a comparable period of time. In addition, approximately half of these SGD's were acquired by individuals who had no other funding program, meaning that but for Medicare's policy change, it is exceedingly unlikely these individuals would have been able to acquire these devices. (The other half is estimated to be Medicare-Medicaid dual eligibles. Their devices would have been purchased by Medicaid programs had Medicare not contributed.)

In addition to this impact on Medicare beneficiaries' access to SGD's, the Medicare policy change has had a direct positive impact on insurance funding for SGD's, making acknowledgement of SGD coverage and subsequent approvals far more likely. At least 4 insurers: Aetna, the nation's largest provider of managed care services; Care First Blue Cross-Blue Shield, in Maryland; CIGNA; and Harvard-Pilgrim Health Plans, all have adopted their own SGD coverage guidance based on the Medicare RMRP.

In addition, in late 2001, Congress directed the Tricare program, which provides health benefits to active duty military service members and their families, and military retirees and their dependents, to cover SGD's for all Tricare recipients. The Department of Defense coverage rules for SGD's are a copy of the Medicare RMRP. They went into effect on April 1, 2005.

A number of Medicaid programs also have adopted the reporting requirement of the RMRP for their own SLP reports, which will lead to greater standardization of the SLP task in SGD assessment and reporting across funding programs.

As noted previously, it is estimated that approximately half of the 3,636 Medicare SGD's were purchased for Medicaid – Medicare dual eligible recipients. Prior to 2001, Medicaid programs were responsible for full payment for these devices. After the new Medicare guidance went into effect, Medicare took over primary responsibility for payment for these devices. This has had the effect of saving Medicaid programs millions of dollars in SGD outlays, which will continue indefinitely.

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