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Region III
P.O. Box 1790, 2637 Market St
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MEDICAID LETTER NO. 93-98

SUBJECT: Coverage Policy for Assistive Devices

This is to provide policy guidance concerning Medicaid coverage of assistive devices, especially communication assistive devices. Such devices often include, for example, speech simulators and computer equipment with peripherals. This letter also addresses the coverage requirements for assistive devices under the expanded EPSDT benefit.

The Omnibus Budget Reconciliation Act of 1989 (OBRA 89) mandated that all medically necessary services listed in section 1905(a) of the Social Security Act must be provided to EPSDT recipients. However, regardless of the expanded EPSDT requirement, OBRA 89 did not take away the requirement that services provided must be medical in nature and coverable by Medicaid. This means that, in order to receive Federal financial participation for providing an assistive device, that device must be medical in nature and coverable under a Medicaid benefit category, such as medical equipment under the home health benefit at 42 CFR 440.70.

As explained above, Medicaid reimbursement may be available for some assistive devices under some service categories. However, the State would first need to determine that a particular device is medical in nature and then decide whether any Medicaid benefit category would allow coverage of such a device. HCFA policy generally does not consider items which are ordinarily used in nonmedical contexts to be medical in nature (such as air conditioners, computers or furniture), but would rather be part of recipients' general, nonmedical, support and maintenance. (These may be furnished as part of inpatient services but otherwise are generally the recipients' responsibility). When these items are specialized and would not ordinarily be used in nonmedical contexts, e.g., a wheelchair, they may be considered medical equipment and may be covered by Medicaid.

An assistive device must also meet the requirements of a specific benefit category to be covered under Medicaid (even if provided as an EPSDT service). For example, a State may cover an assistive device which meets the definition of "prosthetic devices" under regulations at 42 CFR 440.120(c) by its replacing a missing bodily part, preventing or correcting physical deformity or malfunction, or supporting a weak or deformed portion of the body.

OPTIONAL FORM 10 (7-87)

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DATE: 10-26-93

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In addition, assistive devices could be covered under one of the therapy benefits at 42 CFR 440.110. However, in order to be covered under this regulatory authority, all other conditions of the regulation must be met. For example, in order to cover an assistive device as part of the physical therapy benefit, the service would need to be prescribed by a physician and provided by or under the direction of a qualified physical therapist. The same holds true for occupational therapy and speech, language and hearing services.

The following policy guidelines would apply should a State consider covering the devices under the rehabilitation benefit at 42 CFR 440.130(d). This regulation describes rehabilitative services as being medical or remedial services recommended by a physician or licensed practitioner and provided for the maximum reduction of physical or mental disability and the restoration of a recipient to his best possible functional level. The rehabilitation benefit option is inclusive of other services covered under Medicaid and can, therefore, be used by States to cover services provided under other Medicaid regulatory authorities as well. There is nothing in the rehabilitation regulation that explicitly provides for Medicaid coverage of supplies or equipment; however, under the rehabilitation option a State can cover necessary supplies or equipment that, as indicated on page 1 of this letter, are medical in nature if the State's own regulatory authority allows for the provision of supplies or equipment as a rehabilitation service.

Authorization for devices such as these would need to be made by the State on a case-by-case basis. Criteria including medical necessity, utilization control and Medicaid benefit coverage categories must be considered. Please note that we would also be apprehensive about allowing Medicaid coverage of devices which have no direct medical effect on the body, but serve to compensate for (but not replace or enhance) a lost physical ability. For example, "computer access equipment" and devices to "produce braille" or "speak written communication" do not primarily address a medical condition, nor do they replace or enhance a deficient bodily part. Rather, they are mainly for educational or communicative purposes. Finally, we do not believe that classifying items such as assistive listening devices as "habilitative" in nature is practical in most instances since habilitative services are not covered under the Medicaid program outside of two situations: the home and community based waiver program and in an intermediate care facility for the mentally retarded.

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If you have any questions regarding the policy outlined in this letter, please contact your state representative for assistance.

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