Billing For Supplies

Hospitals need to be cautious when billing for supplies, as Medicare considers some supplies routine and not separately billable; some supply items are covered, billable and payable; and others are covered and billable, but are packaged and not separately paid.

To determine when to separately bill for supplies, Medicare states the following criteria should be met: 
(Medicare Provider Reimbursement Manual, Section 2203.2)

1. Directly identifiable to a specific patient
2. Furnished at the direction of a physician because of specific medical needs (this must be documented in the patient’s medical record)
3. Either not reusable or representing a cost for each preparation

Adminastar Federal, a Fiscal Intermediary, also created a checklist for providers to use when determining if a supply is billable or not. Adminastar Federal used the Medicare Reimbursement Manual, Section 2203.2 as a guide in creating this checklist:

1. Is the item medically necessary and furnished at the discretion of a physician? (not a personal convenience item such as slippers, powder, lotion, etc.)
2. Is the item used specifically for or on the patient? (not gowns, gloves, masks, used by staff or oxygen available but not specifically used by the patient)
3. Is the item not ordinarily used for or on most patients or was the volume or quantity used for on patient significantly greater than normally used for or on most patients in the billed setting? (not blood pressure cuffs, thermometers, patient gowns, soap)
4. Is the item not basically stock (bulk) supply in the billed setting and the amount or volume used is typically measured or traceable to the individual patient for billing purposes? (not pads, drapes, cotton balls, urinals, bedpans, wipes, irrigation solutions, ice bags, IV tubing, pillows, towels, bed linen, diapers, soap, tourniquet, gauze, prep kits, oxygen masks, and oxygen supplies, syringes)

There is not an all inclusive list of billable supply items, it is up to your facility to create a process to use in determining if a supply is billable or not. It is also important for the methodology to be used for all supply items. Lastly, many supply items have a corresponding HCPCS code that should be used to report the supply item on the UB-04.

As with any item billable to Medicare, documentation and medical necessity must be substantiated in the patient’s medical record.

If you have questions regarding billable supplies in your CDM, or to have your supply item CDM reviewed for compliance and coding, please do not hesitate to contact PARA for assistance.

Additional References: