Billing for Supplies

May 2025

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Billing Supplies to Medicare

Hospitals must exercise due diligence when billing for medical supplies, as Medicare categorizes supplies into three distinct classes.

- **Routine supplies** are considered part of the standard treatment and are not separately billable.
- **Billable and payable supplies** are covered and reimbursed separately.
- **Packaged supplies** are covered and billable, but the payment is included in a related service. It is not reimbursed separately.

Routine Supplies

Routine supplies are considered integral components of patient care and are included in the overall cost structure of the facility. These services are typically included in the charges for the patient's room, the area where care is delivered, or the reimbursement associated with a surgical or procedural service. We reference the Medicare Provider Reimbursement Manual, Chapter 22 – Determination of Cost of Services, Section 2202.6:

> 2202.6 Routine Services.--Inpatient routine services in a hospital or skilled nursing facility generally are those services included in by the provider in a daily service charge--sometimes referred to as the "room and board" charge. Routine services are composed of two board components: (1) general routine services, and (2) special care units (SCU's), including coronary care units (CCU's) and intensive care Units (ICU's). Included in routine services are the regular room, dietary and nursing services, minor medical and surgical supplies, medical social services, psychiatric social services, and the use of certain equipment and facilities for which a separate charge is not customarily made.

Most supplies, items, or services that are essential to the performance of a specific procedure or necessary for delivering care in a particular setting are classified as routine. As such, they are not eligible for separate reimbursement under OPPS and many commercial payor contracts. Instead, payment for these routine services is bundled into the facility's room and board charges or the global payment for the associated procedure.

Examples of routine services include:

- Personal convenience items such as slippers, lotions, powder, gowns, and towels
- Items not used specifically on the patient, such as staff gowns, masks, and gloves

- Basic medical supplies, such as cotton balls, non-specialized bandaging, alcohol wipes, gauze, and adhesive tape
- General-use equipment/supplies including urinals, bedpans, emesis basins, and tourniquets
- **Bulk** items and items provided or used on most patients in the same setting, such as non-specialized irrigation solutions, ice packs, blood pressure cuffs, thermometers, diapers, soap, tubing, and prep kits.

Packaged Supplies

Under OPPS and many commercial payors, packaged services refer to items and services that are considered integral to the delivery of a primary service for which payment is made. These components are not reimbursed separately because their costs are already included in the Ambulatory Payment Classification (APC) payment associated with the primary service.

Supplies necessary for performing the procedure or administering the service are generally packaged. **Many of these supplies are separately reportable** with or without a HCPCS code.

Examples of packaged services where the supplies would not be separately reported include:

- Administration of a drug or laboratory services – includes items such as the needle, syringe, and urine testing supplies
- Administration of oxygen – includes mask, cannula, sensors, and tubing. Note that some payers consider oxygen a routine supply in certain settings.

Examples of packaged services where the supplies would be separately reported

- Surgical services and supplies – include surgical closures and dressings, as well as guidewires. See also the guidance outlined in the Medicare NCCI Policy Manual, Chapter 1.
- The device supply must be reported with device-intensive procedures. Medicare and other payors will not accept the procedure without the device code.

Billable Supplies

CMS does not publish an official list of billable supply items. Therefore, it is the responsibility of each healthcare facility to develop and implement a standardized methodology for evaluating, documenting, and billing supplies accurately and efficiently. This methodology must be applied consistently across all departments and should incorporate the specific billing requirements outlined in payor contracts.

While individual payors define their reimbursement policies, guidance from a former Medicare Fiscal Intermediary offered a useful framework for determining whether a supply item may be billed separately. Their checklist includes the following key criteria:

- **Patient-Specific Use**: The item must be directly identifiable to an individual patient and either not commonly used for most patients or used in an unusually high quantity for the clinical setting. Documentation must clearly trace the item to the patient.
- **Medical Necessity**: The item must be ordered by a physician to address a specific medical need. This necessity must be clearly documented in the patient's medical record to support the claim.
- **Non-Reusability or Unique Cost**: The item must either be non-reusable or involve a distinct cost for each preparation or use.

Supply Revenue Codes

Code	Description
0270	MEDICAL/SURGICAL SUPPLIES AND DEVICES (ALSO SEE 062X, AN EXTENSION OF 027) - GENERAL CLASSIFICATION
0271	MEDICAL/SURGICAL SUPPLIES AND DEVICES (ALSO SEE 062X, AN EXTENSION OF 027X) - NON STERILE SUPPLY
0272	MEDICAL/SURGICAL SUPPLIES AND DEVICES (ALSO SEE 062X, AN EXTENSION OF 027X) - STERILE SUPPLY
0273	MEDICAL/SURGICAL SUPPLIES AND DEVICES (ALSO SEE 062X, AN EXTENSION OF 027X) - TAKE HOME SUPPLIES
0274	MEDICAL/SURGICAL SUPPLIES AND DEVICES (ALSO SEE 062X, AN EXTENSION OF 027X) - PROSTHETIC/ORTHOTIC DEVICES

Code	Description
0275	MEDICAL/SURGICAL SUPPLIES AND DEVICES (ALSO SEE 062 X, AN EXTENSION OF 027X) - PACEMAKER
0276	MEDICAL/SURGICAL SUPPLIES AND DEVICES (ALSO SEE 062X, AN EXTENSION OF 027X) - INTRAOCULAR LENS
0277	MEDICAL/SURGICAL SUPPLIES AND DEVICES (ALSO SEE 062X, AN EXTENSION OF 027X) - OXYGEN-TAKE HOME
0278	MEDICAL/SURGICAL SUPPLIES AND DEVICES (ALSO SEE 062X, AN EXTENSION OF 027X) - OTHER IMPLANT
0279	MEDICAL/SURGICAL SUPPLIES AND DEVICES (ALSO SEE 062X, AN EXTENSION OF 027X) - OTHER SUPPLIES/DEVICES

Special Billing Considerations

As with all Medicare claims, medical necessity and proper documentation in the patient's medical record are essential for reimbursement.

- Even if the supply is packaged or not separately payable, report all supplies that have a **HCPCS** assignment separately to ensure proper reimbursement and coding compliance.
- Report **implants** using revenue codes 0275, 0276, or 0278, along with the corresponding HCPCS codes.
- **Durable Medical Equipment, Prosthetic Devices, Prosthetics, Orthotics and Supplies (DMEPOS)** billable under Medicare Part B should be reported with revenue code 0274 and the appropriate HCPCS L-code on the hospital outpatient claim.

- **Revenue Codes requiring HCPCS codes:**

Per the **UB Editor Manual**, the following codes require a HCPCS code. Note that payor billing requirements vary, so each payor policy should be reviewed.						
0274	035X	045X	0634	074X	0813	092X
030X	036X	046X	0635	075X	0814	0940
03IX	038X	047X	0636	0761	0900	0941
032X	0391	048X	0722	0769	0900	0944
033X	040X	051X	0723	077X	0901	0945
0340	041X	053X	0724	078X	0902	0946
0341	042X	054X	0729	079X	0903	0947
0342	043X	061X	0731	0811	0904	0949
0349	044X	0623	0739	0812	091X	0950

References

- Medicare NCCI Policy Manual – Chapter 1
- Medicare Provider Reimbursement Manual - download
- Molina Healthcare - Hospital Routine Supplies & Services Reimbursement
- Anthem Commercial Policy C-23001 - Bundled Services and Supplies - Facility
- Cigna - Facility Services, Supplies and Equipment
- Pricing and Billing Packs, Trays and Kits
- Oxygen and Pulse Oximetry
- Durable Medical Equipment, Prosthetic Devices, Prosthetics, Orthotics, & Supplies