PAYMENT POLICY ID NUMBER: 20-072

Original Effective Date: 12/10/2020

Revised: 10/17/2024

Institutional Supplies Policy

THIS PAYMENT POLICY IS NOT AN AUTHORIZATION, CERTIFICATION, EXPLANATION OF BENEFITS, OR A GUARANTEE OF PAYMENT, NOR DOES IT SUBSTITUTE FOR OR CONSTITUTE MEDICAL ADVICE. ALL MEDICAL DECISIONS ARE SOLELY THE RESPONSIBILITY OF THE PATIENT AND PHYSICIAN. BENEFITS ARE DETERMINED BY THE GROUP CONTRACT, MEMBER BENEFIT BOOKLET, AND/OR INDIVIDUAL SUBSCRIBER CERTIFICATE IN EFFECT AT THE TIME SERVICES WERE RENDERED. THIS PAYMENT POLICY APPLIES TO ALL LINES OF BUSINESS AND PROVIDERS OF SERVICE. IT DOES NOT ADDRESS ALL POTENTIAL ISSUES RELATED TO PAYMENT FOR SERVICES PROVIDED TO BCBSF MEMBERS AS LEGISLATIVE MANDATES, PROVIDER CONTRACT DOCUMENTS OR THE MEMBER'S BENEFIT COVERAGE MAY SUPERSEDE THIS POLICY. THE EFFECTIVE DATE OF THIS POLICY IS FOR THE PUBLICATION DATE OF THE POLICY ONLY AS HEALTHCARE PROVIDER AUDIT HAS BEEN REVIEWING CLAIMS BILLED INCORRECTLY. THIS PAYMENYT POLICY DOES NOT SUPERCEDE CONTRACT LANGUAGE.

DESCRIPTION:

This policy applies to Florida Blue Commercial and Medicare Advantage business and those provider types billing on a UB04 claim form. This policy applies to both inpatient and outpatient claims and provides definitions, billing, and reimbursement guidelines for medical and surgical supplies.

- Routine supplies are used in small quantities during the course of treatment for most patients (for example, gloves, alcohol wipes, adhesive or paper tape).
- A disposable supply is one that is not used more than once and/or when the item is necessary to use equipment that is integral for a procedure. Some examples are syringes, needles, bandages, and gauze.
- Non-routine supplies are those medical supplies which are needed to treat a patient's specific illness or injury. These items may be needed to perform a service but are not always necessary for the procedure to be performed such as contrast materials for imaging procedures.

REIMBURSEMENT INFORMATION:

Florida Blue reimbursement for inpatient and outpatient hospital services is the full payment for the costs incurred by the hospital for the episode of care. Depending on the reimbursement methodology applicable to the inpatient or outpatient claim, how the hospital bills for supplies can impact the reimbursement of the claim and its accuracy. This information is to assist with billing procedures for supplies to improve the accuracy of initial claim processing.

Routine and disposable items are not reimbursed separately. Non-routine services and supplies may be eligible for separate reimbursement, depending on the reimbursement methodology applicable to the provider and CPT®/HCPCS billing guidelines. For example, under the outpatient fee schedule program, if the imaging procedure code descriptor indicates with or without contrast and contrast was used, then the contrast could be eligible for separate reimbursement. This is only an example and the contractual terms for the outpatient payment program prevail and should be reviewed.

BILLING AND CODING:

Inpatient

For inpatient claims, there are routine services and supplies that are included with the hospital room charges and for which a separate charge should not be submitted. Items and services that are used during surgery but do not remain in the body should be submitted as a supply. Below is a link to a non-inclusive list of items representing supplies that should not be reported with a separate charge as doing so can impact the accuracy of the claim's processing. The list in the link below represents items that are most seen as billed incorrectly during Florida Blue's pre-payment and post-payment claims reviews.

Routine Supplies Reusable Equipment Routine_Technical Services List 2_22

In addition to the above item, the pre and post payment reviews have shown that supplies are billed under implant revenue codes in error impacting the accuracy of a claim's processing. This section of the policy includes a list of procedure codes commonly reported as something other than a supply. It is not an all-inclusive list.

Codes Commonly Billed as Something Other than Supply 2_2022

Outpatient

For outpatient claims, there are routine services and supplies that are included with the operating room charges and for which a separate charge should not be submitted. Items and services that are used during surgery but do not remain in the body should be submitted as a supply. Below is a link to a non-inclusive list of items representing supplies that should not be reported with a separate charge as doing so can impact the accuracy of the claim's processing. The list in the link below represents items that are most seen as billed incorrectly during Florida Blue's pre and post payment claims reviews.

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Codes Commonly Billed as Something Other than Supply 2_2022

The medical/surgical supplies category for revenue codes, in the UB04 manual, does not require an alternate procedure code to be submitted for any outpatient services other than implants.

The following revenue codes should be used to report supplies for inpatient or outpatient claims:

Revenue Code	Description	HCPCS Required
270	General Classification	N
271	Non-sterile Supply	N
272	Sterile Supply	N
273	Take Home Supplies	N
277	Oxygen Take-Home	N
279	Other Supplies / Devices	N

Level II HCPCS codes that are identified as supplies should be billed under the revenue code(s) that represents supplies unless there is a revenue code that represents the description of the service/supply more accurately. Items used as routine supplies should not be submitted as a separate charge. Skin substitutes are commonly incorrectly billed. If the skin substitute is for "topical use only" or for wound care, then it is a supply. Medical Policy should be verified as several skin substitutes are investigational. Implants, orthotics and prosthetics are not reported as a supply.

The link below is a non-exhaustive list of procedure codes representing supplies commonly billed in error as something other than a supply.

Codes Commonly Billed as Something Other than Supply 2_2022

REFERENCES:

1. Florida Blue's Manual for Physicians and Providers
2. National Uniform Billing Committee Official UB-04 Data Specifications Manual – only available via a subscription.
3. CMS's HCPCS Level II Coding Procedures – (Updated 07/16/2021) document from their website for HCPCS - General Information webpage.
4. RevenueCyclePro application under Optum360 degrees – only available via a subscription.
5. CMS Provider Reimbursement Manual location: *CMS.gov > Regulations & Guidance > Manuals > Paper-Based Manuals > Provider Reimbursement Manual-Part 1 (Publication # 15-1)*
    a. Definition of a Charge - CMS PRM - Part 1, Chapter 22, Section 2202.4
    b. Routine Services - CMS PRM - Part 1, Chapter 22, Section 2202.6
    c. Ancillary Services - CMS PRM-Part 1, Chapter 22, Section 2202.8
    d. Provider Charge Structure as Basis for Apportionment - CMS PRM-Part 1, Chapter 22, Section 2203
6. HIPAA Standards for Claims - CMS.gov > Regulations & Guidance >Administrative Simplification > HIPAA-ACA
7. Florida Blue Payment Polices
8. Code of Federal Regulations/FDA - Ecfr.gov>Title 21>Subchapter H>Subpart A>860.3(d)

GUIDELINE UPDATE INFORMATION:

	New Policy
07/16/2021	Updated list of Codes Commonly Billed as Something Other than Supply to exclude procedure codes C1750 – C1752, C1760, C1765, C2613, C2615, C2623, C2698, C2699, C9355, C9356, C9359, C9361, C9362, C9364, L8603 – L8607.
02/01/2022	Update list of services included for inpatient and outpatient for consistency with pre and post payment claim reviews in addition, added more references.
03/09/2023	Annual Update
10/17/2024	Reimbursement Information section updated for clarity.