LOUISIANA STATE UNIVERSITY HEALTH SCIENCES CENTER - SHREVEPORT

SUPPLY CHARGING GUIDE

Purpose
This document will be used as guidance for the standardization of determining whether or not a supply is billable.

Threshold
LSUHSC Shreveport has determined that if an item cost less than $1.00 and/or mark-up is less than $3.00, the item will not be charged.

EHR
A charge code will not be created if the only place that supply is used is in the Optime application in EHR. Optime application encompasses: OR (operating room), cath lab, GI (gastrointestinal) suite, IR (interventional radiology), Anesthesia, Burn Unit OR, Gamma Knife Suite, and IN (interventional nephrology). Optime application uses the PeopleSoft interface that will send the supply item and price to EHR Hospital Billing application. The markup for each hospital location is applied to the unit cost to determine the patient charge.

Routine vs. Nonroutine
Routine supply items are found in the “floor stock” and would generally be available to patients receiving supplies in that location. The Medicare Provider Reimbursement Manual, section 2202.6 states:

“Inpatient routine services in a hospital or skilled nursing facility generally are those services included by the provider in a daily service charge—sometimes referred to as the ‘room and board’ charge.” “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.”

Routine supplies are considered to be packaged into the procedure or room charge and should not be separately billable to Medicare. These items are customarily used during the course of treatment as needed, are found in floor bulk stock and generally available to all patients receiving supplies in that location and are not tracked individually. (e.g., alcohol preps, gloves, paper masks, chux/linen savers, cotton balls)

Items may be stored in a general area in a department or on a nursing unit, but may not be considered routine. The amount or volume of the items typically must be measured or traceable to an individual patient for billing purposes. For example, IV fluids may be “stored in bulk” on a shelf in a stock room in order to be readily available when they are needed. However, these fluids require a physician’s order and are separately identifiable to a specific patient based on documentation in the medical record.
Exception (Device-Dependent):
If a procedure is device dependent, then the device may not be separately reimbursable but required on the claim.

Equipment
When a hospital agrees to provide a service, it is the hospital’s responsibility to have the appropriate and required equipment available for providing the service. If the hospital has to rent a piece of equipment in order to provide the service, this is considered a cost of doing business. These items are included in the cost of the procedure and not separately billable.

Exception to DME:
When medical and surgical supplies (other than prosthetic and orthotic devices as described in the Medicare Claims Processing Manual, Chapter 20, Section 10.1) described by HCPCS codes with status indicators other than “H” or “N” are provided incident to a physician’s service by a hospital outpatient department, the HCPCS codes for these items should not be reported because these items represent supplies. Claims containing charges for medical and surgical supplies used in providing hospital outpatient services are submitted to the Medicare contractor providing OPPS payment for services in which they are used. The hospital should include charges associated with these medical and surgical supplies on the claims so their costs are incorporated in rate-setting, and payment for the supplies is packaged into payment for the associated procedures under the OPPS in accordance with 42 CFR 419.2(b)(4).

For example, if the hospital staff in the emergency department initiate the intravenous administration of a drug through an infusion pump described by HCPCS code E0781 (Ambulatory infusion pump, single or multiple channels, electric or battery operated, with administrative equipment, worn by patient), complete the drug infusion, and discontinue use of the infusion pump before the patient leaves the hospital outpatient department, HCPCS code E0781 should not be reported because the infusion pump was used as a supply and would be paid under OPPS payment for the drug administration service. The hospital should include the charge associated with the infusion pump on the claim.
Questions to consider in determining routine vs. billable:
When a new supply enters the facility, the following questions should be answered to determine whether a supply is routine or chargeable:

1) Is the item a personal care or personal convenience item? (e.g., powder or lotion)
2) Is the item ordinarily used for most patients? Is this a bulk supply item that is open for use to the general patient population?
3) Is this item considered to be durable medical equipment? (Examples are crutches, canes, walkers)
4) Is this item a food supplement or part of a dietary plan? (e.g., jevity, ensure)
5) Is this item a piece of equipment or reusable?

If the answer to ONE of the above questions is YES, the item is a routine supply and not separately billable. (Only one question has to be answered as Yes.)

If the answer to ALL of the above questions is NO, continue with the following questions:

6) Is the item medically necessary and furnished at the direction of a physician?
7) Is the item specifically used (identifiable) for an individual patient?
8) Is the item disposable and/or used only on one patient and then thrown away?

If the answer to questions 1, 2, 3, 4 and 5 is NO, and the answer to questions 6 through 8 is YES, then this item is not routine and is separately billable.

Information necessary for charge code creation:

- Name of supply
- Department/area requesting the supply or using the supply
- Description in layman's terms of what is the use of the supply
- Is this supply an implant?
- PeopleSoft number (if known)
- Catalog or model number
- Product manufacturer
- Cost and price
Routine vs. Non-routine Supplies

Routine Supplies
Routine supplies are identified by the following conditions:

- Routine supplies are customarily used in small quantities during the course of most visits.
- They are usually included in the staff’s supplies and not designated for a specific patient.
- Routine supplies would not include those supplies that are specifically ordered by the physician or are essential to the patient’s plan of care.
- These supplies are included in the cost per visit.

Examples of Routine Supplies

<table>
<thead>
<tr>
<th>Swabs</th>
<th>Non-sterile gloves</th>
<th>Adhesive and paper tape</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcohol preps and skin prep pads</td>
<td>Aprons</td>
<td>Tongue depressors</td>
</tr>
<tr>
<td>Tape removal pads</td>
<td>Masks and Gowns</td>
<td>Thermometers</td>
</tr>
<tr>
<td>Non-sterile applicators and 4 x 4’s</td>
<td>Specimen containers</td>
<td>Cotton balls</td>
</tr>
</tbody>
</table>

Non-routine Supplies
Non-routine supplies are identified by the following conditions:

- There is a consistent charging practice for Medicare and other patients receiving the item.
- The item is directly identifiable to an individual patient.
- The cost of the item can be identified and accumulated in a separate cost center.
- The item is furnished at the direction of the patient’s physician and is specifically identified in the plan of care.

Examples of Non-routine Supplies

<table>
<thead>
<tr>
<th>Sterile dressings</th>
<th>Sterile applicators</th>
<th>Irrigation trays</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sterile gauze and toppers</td>
<td>Sterile gloves</td>
<td>Enemas and Douches</td>
</tr>
<tr>
<td>Kling and Kerlix rolls</td>
<td>I.V. Supplies</td>
<td>Syringes and Needles</td>
</tr>
<tr>
<td>Telfa pads</td>
<td>Ostomy Supplies</td>
<td>Urine monitoring strips</td>
</tr>
<tr>
<td>Home Testing Blood glucose monitoring strips</td>
<td>Catheters and Catheter Supplies</td>
<td>Eye pads</td>
</tr>
<tr>
<td>Sterile solutions</td>
<td>Foley catheters</td>
<td>Ointments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Drainage bags</td>
</tr>
</tbody>
</table>

All non-routine supplies must be specifically ordered by the physician or the physician's order for services must require the use of the specific supplies to be effectively furnished. The charge for non-routine supplies is excluded from the per visit costs. Supplies are billed under the 027X Revenue Code.