University of Michigan Health Plan

PAYMENT REIMBURSEMENT POLICY

Title: PRP-24 Facility Routine Supplies and Services

Category: UMHP_PAYMENT REIMBURSEMENT (PR)

Effective Date: 10/01/2024

1.0 Guidelines:

This policy applies to all network and non-network physicians and other qualified health care professionals, including but not limited to percent of charge contract physicians and other qualified health care professionals. This policy does not guarantee benefits or solely determine reimbursement. Benefits are determined and/or limited by an individual member's benefit coverage document (COC, SPD, etc.). The Health Plan reserves the right to apply clinical edits to all medical claims through coding software and accuracy of claim submission according to industry billing standards. Clinical edits are derived from nationally recognized billing guidelines such as the Centers for Medicare and Medicaid Services (CMS), National Correct Coding Initiative (NCCI), the American Medical Association (AMA), and specialty societies. PHP may leverage the clinical rationale of CMS or other nationally sourced edits and apply this rationale to services that are not paid through CMS, but which are covered by the Plan to support covered benefits available through one of the Plan's products. Prior approval does not exempt adherence to the following billing requirements. The provider contract terms will take precedence if there is a conflict between this policy and the provider contract

2.0 Description:

The purpose of this reimbursement policy is to provide guidelines regarding the billing of routine supplies and services on inpatient and outpatient facility claims.

3.0 Policy:

This Health Plan does not separately reimburse for supplies and services considered incidental to other facility charges. These items are collectively referred to as not separately reimbursable (NSR) items. The cost of these items is part of a covered routine inpatient or outpatient service and included in the overall allowable cost of the routine service. This includes routine items or services included in the daily room and board charge for the level of care being provided; or routine items or services included in the facility charge for the primary medical service being provided (e.g., surgical services and associated anesthesia services); items or services that are determined to be inappropriate or excessive; items or services that are determined to be duplicative; items or services that are wasted, broken, or destroyed; or nursing care and/or treatment that is within the scope of normal nursing practice; assistance by hospital staff for any bedside procedures performed by physicians or other healthcare professionals regardless of patient location; or transportation, including monitoring while being transported, within the facility.

4.0 Coding and Billing:

When identifying items, supplies, and services that are not separately billable consider the following.

- Any supplies, items, and services that are necessary or otherwise integral to the provision of a specific service and/or the delivery of services in a specific location are considered routine services and not separately billable in the inpatient and outpatient environments. (i.e., gowns, gloves, surgical kits)
- All reusable items, disposable supplies, and equipment that are provided to all patients during an inpatient or outpatient admission are not separately billable (i.e., clamps, linen, thermometers, monitors).

- All reusable items, supplies, and equipment that are provided to all patients admitted to a given treatment area or unit (i.e., NICU, Burn Unit, ICU) are not separately billable.

The following lists are examples and are not all-inclusive

Routine Supplies and Equipment

Arterial blood gas kits	Drapes	Restraints
Apnea monitors	Gloves and gowns	Skin Cleansers
Basins	Heating or cooling pads/pumps	Syringes
Batteries	Irrigation solutions and supplies	Suction Canisters
Bedding, blankets	IV pumps/poles	Surgical trays and supplies
Blood pressure cuffs/monitors	Masks	Tape
Commodes	Needles	Telemetry equipment
Compression garments/devices	Nutrition Support	Tubing

Surgical Services, Equipment, and Supplies

Bovie machines/pads/supplies	Lasers	Sponges
Catheters	Limb placement holders/wedges	Surgical Sealant
Closure Supplies	Monitoring equipment/supplies	Sponges
Dressings, gauze	Power equipment	Staples and stapler
Instruments	Perfusion equipment	Sutures
Kits	Room monitoring equipment	Tables and covers
Laparoscopes	Robotic devices	Video Equipment

Respiratory Therapy Services and Supplies

Aerosol	Intubation and intubation kits	Respiratory technician time
Airway supplies	Nasal catheter	Tubing
Flow Meter	Oscillators	Ultrasonic nebulizer
Humidifier	Oxygen (and associated supplies)	Ventilation systems
Intermittent Mandatory Ventilation (IMV) circuit	Positive End Expiratory Pressure (PEEP)	Ventilator related disposable supplies
Incentive spirometry	Tents or hoods	

Capital Equipment

Capital equipment is used in the provision of services to multiple patients and has an extended life. This equipment is considered a fixed asset of the facility, and the use of that equipment may not be separately billable.

Where specific procedure codes exist, the services provided with that equipment may be billed as appropriate (e.g., x-rays, dialysis) and in accordance with correct coding and billing guidelines (e.g., no unbundling of oximetry checks, or fluoroscopy in the OR). If specific procedure codes do not exist, and an unlisted code is reported for the service, the use of the equipment remains included in the larger, related service reported with the unlisted code and is not eligible for separate reimbursement.

Hourly/Daily Charges

- Hourly/daily charges for oxygen are not separately reimbursable from hourly/daily charges for ventilator support. This is considered duplicative.
- If more than one level of respiratory/ventilation support occurs on the same date of service, only the highest level of respiratory/ventilation support will be reimbursed. The lower level of support is considered duplicative.

Room & Board/Routine Nursing Services/Tech Services

Patient monitoring and nursing care services are included in the Room and Board charges, including but not limited to assessments, blood draws, IV insertions, medication administration, assistance with bedside procedures, or prep for procedures.

Floor Stock

Stock items available for use as needed for all patients including but not limited to alcohol wipes, gloves, bedpans, diapers, batteries, and kits containing routing supplies.

Fluid Used for Administration of Drugs

Per CPT and CMS6 guidelines, heparin flushes, saline flushes, IV flushes of any type, and solutions used to dilute or administer substances, drugs, or medications are included in the administration service. These items are considered supplies and are not eligible for separate reimbursement.

If performed to facilitate the infusion or injection or hydration, the following services and items are included and are not separately billable:

- Use of local anesthesia
- IV start
- Access to indwelling IV, subcutaneous catheter or port.
- Flush at conclusion of infusion
- Standard tubing, syringes, and supplies.

Payment for the above is included in the payment for the chemotherapy administration or nonchemotherapy injection and infusion service." This includes flushes, diluents, saline, etc.

5.0 Documentation Requirements:

Providers are responsible for documentation of care provided during each patient encounter. Medical record entries must provide a complete and accurate reflection of the procedures/services provided and fully support the coding and claim data submitted for reimbursement. When records are requested for review critical record components must be

provided including operative reports, test results, medication administration records, and itemization.

Operative Report

The report must include Patient Identifiers (name, date of birth). Coding should be supported by the details, descriptions, measurements, approach, location, counts, etc., as indicated in the body of the operative report. The body of the operative report must provide a complete narrative of the procedure(s) performed. The information documented under the title or header sections of the operative report or procedure note may not be used to support code selection.

Lab/pathology Report

The report must include Patient Identifiers (name, date of birth); name and address of lab; specimen source when applicable; collection or biopsy date; processing date; test(s) performed; and results. Pathology reports should also include the following details as applicable: gross description (color, weight, size), microscopic description, type of tumor, grade, tumor size (measured in centimeters), margins, and name of the pathologist.

Medication Administration Record (IV infusions/pushes)

The report must include Patient Identifiers (name, date of birth), the name of the drug and National Drug Code (NDC) if unlisted, dosage, route of administration, infusion start and stop times, and wastage when applicable.

Itemizations

Itemizations are required supporting documentation to support billed services. A complete itemization of the service performed must include patient identifier(s), date of service, revenue codes, clear description of each service/item, quantity, and charges for each corresponding service/item. Descriptions that state "supply" but do not accurately identify the supply item billed may result in denials.

Cloned/Copied Records

Use caution when entering information into electronic medical records. Repeated and outdated notes lead to an unreliable and inaccurate record of events and services. Medical records may be considered Cloned documentation when multiple entries in a patient chart are identical or similar to other entries in the same chart or other patient charts without the expected variations in diagnosis and treatment. If documentation is determined to be copied or cloned, it shall be considered inadmissible as support for service.

6.0 Verification of Compliance:

Claims are subject to audit, prepayment and post payment, to validate compliance with the terms and conditions of this policy.

7.0 Terms & Definitions:

Disposable Items(medical): Any medical equipment, instrument or apparatus having the ability to only be used once in a hospital or clinic and then disposed. The Food and Drug Administration defines this as any device entitled by its manufacturer that it is intended use is for one single patient and one procedure only. It is not reusable, therefore has a short lifespan, and limited to one patient.

Reusable Items(medical): Devices that health care providers can reprocess and reuse on multiple patients. These devices are designed and labeled for multiple uses and are reprocessed by thorough cleaning followed by high-level disinfection or sterilization between patients. They are made of materials that can withstand repeated reprocessing, including manual brushing and the use of chemicals.

8.0 References, Citations, Resources & Associated Documents:

PRP-05 Medical Record Request Standards

Centers for Medicare & Medicaid Services (CMS). Medicare Benefit Policy Manual

9.0 Revision History:

Original Effective Date:

Next Revision Date: 11/13/2025

10.0 Document Evaluation Panel:

Revision Date	Reason for Revision