

# SUPPLY POLICY

**Policy Number:** ADMINISTRATIVE 220.26 T0

**Effective Date:** January 1, 2019

<b>Table of Contents</b>	<b>Page</b>
<a href="#">INSTRUCTIONS FOR USE</a> .....	1
<a href="#">APPLICABLE LINES OF BUSINESS/PRODUCTS</a> .....	1
<a href="#">APPLICATION</a> .....	1
<a href="#">OVERVIEW</a> .....	1
<a href="#">REIMBURSEMENT GUIDELINES</a> .....	2
<a href="#">DEFINITIONS</a> .....	3
<a href="#">QUESTIONS AND ANSWERS</a> .....	3
<a href="#">ATTACHMENTS</a> .....	3
<a href="#">REFERENCES</a> .....	4
<a href="#">POLICY HISTORY/REVISION INFORMATION</a> .....	4

Related Policy
None

## INSTRUCTIONS FOR USE

The services described in Oxford policies are subject to the terms, conditions and limitations of the member's contract or certificate. Unless otherwise stated, Oxford policies do not apply to Medicare Advantage members. Oxford reserves the right, in its sole discretion, to modify policies as necessary without prior written notice unless otherwise required by Oxford's administrative procedures or applicable state law. The term Oxford includes Oxford Health Plans, LLC and all of its subsidiaries as appropriate for these policies.

Certain policies may not be applicable to Self-Funded members and certain insured products. Refer to the member specific benefit plan document or Certificate of Coverage to determine whether coverage is provided or if there are any exclusions or benefit limitations applicable to any of these policies. If there is a difference between any policy and the member specific benefit plan document or Certificate of Coverage, the member specific benefit plan document or Certificate of Coverage will govern.

UnitedHealthcare may also use tools developed by third parties, such as the MCG™ Care Guidelines, to assist us in administering health benefits. The MCG™ Care Guidelines are intended to be used in connection with the independent professional medical judgment of a qualified health care provider and do not constitute the practice of medicine or medical advice.

## APPLICABLE LINES OF BUSINESS/PRODUCTS

This policy applies to Oxford Commercial plan membership.

## APPLICATION

This reimbursement policy applies to services reported using the 1500 Health Insurance Claim Form (a/k/a CMS 1500), or their electronic equivalents or their successor forms. This policy applies to all network and non-network physicians and other qualified health care professionals, including, but not limited to, non-network authorized and percent of charge contract physicians and other qualified health care professionals.

## OVERVIEW

This policy describes the reimbursement methodology for Healthcare Common Procedure Coding System (HCPCS) codes representing supplies, drugs and other items based on the Centers for Medicare and Medicaid Services (CMS) National Physician Fee Schedule (NPFS) Relative Value File and the Place of Service (POS) submitted. The website containing the POS code set can be accessed via this link: [CMS POS Code Set](#).

**Supply Reimbursement in a Physician's or Other Qualified Health Care Professional's Office and Other Nonfacility Places of Service**

Pursuant to Centers for Medicare and Medicaid Services (CMS) policy, certain HCPCS supply codes are not separately reimbursable as the cost of supplies is incorporated into the Practice Expense Relative Value Unit (RVU) for the Evaluation and Management (E/M) service or procedure code. Consistent with CMS, Oxford will not separately reimburse the HCPCS supply codes when those supplies are provided on the same day as an E/M service and/or procedure performed in a physician's, or other qualified health care professional's office and other nonfacility places of service.

The Oxford *Supply Policy Codes* list contains the codes that are not separately reimbursable in an office and other nonfacility places of service. It is developed based on the CMS National Physician Fee Schedule (NPF) Relative Value File and consists of codes that based on their descriptions, CMS considers part of the practice expense and not separately reimbursable.

Please refer to the [Attachments](#) section below for a list of those codes/services that are not separately reimbursable in POS 1, 3, 4, 9, 11, 12, 13, 14, 15, 16, 17, 20, 33, 49, 50, 54, 55, 57, 60, 62, 65, 71, 72, 81 and 99.

**Reimbursement for Supplies, Purchased Durable Medical Equipment (DME), Orthotics, Prosthetics, Biologicals and Drugs submitted with a J Code Reported with a Facility Place of Service 19, 21, 22, 23, 24**

CMS follows a Prospective Payment System (PPS) where Medicare payment is based on a predetermined, fixed amount payable to a facility for inpatient or outpatient hospital services. In addition, CMS reimburses ambulatory surgery centers under an Ambulatory Payment Classification (APC) payment methodology. With these fixed rates all costs associated with drugs and supplies are also deemed included in the global payment to the facility and not considered separately reimbursable when reported on a CMS-1500 claim form by a physician or other qualified healthcare professional.

Consistent with CMS, Oxford will not allow separate reimbursement for specific HCPCS supplies, purchased DME, orthotics, prosthetics, biological, and drugs reported with a HCPCS J code when submitted on a CMS-1500 claim form by any physician or other qualified healthcare professional in the following facility POS 19, 21, 22, 23, and 24. The Oxford *Supply Policy Code* list and *Supply Facility J-Code Denial Code* list (see the [Attachments](#) section below) contains the codes that are not separately reimbursable in a facility place of service.

In addition, the purchase of certain DME, orthotics, and prosthetics will not be separately reimbursed when reported by a physician or other qualified health care professional on a CMS-1500 claim form in POS 19, 21, 22, 23 or 24 and the services are reported with no modifier or with one of the following purchase modifiers:

- NU - New equipment (use the NR modifier when DME which was new at the time of rental is subsequently purchased).
- UE - Used equipment
- NR - New when rented
- KM - Replacement of facial prosthesis including new impression/moulage
- KN - Replacement of facial prosthesis using previous master model

Please refer to the [Attachments](#) section below for a list of those codes/services that are not separately reimbursable in POS 19, 21, 22, 23 and 24.

**Durable Medical Equipment, Orthotics, Prosthetics, and Related Supplies Reported with Facility Places of Service 31 and 32**

In alignment with the CMS PPS reimbursement methodology, Oxford considers payment for certain DME, orthotics, prosthetics and related supply items on the CMS Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) fee schedule to be included in the payment to a skilled nursing facility (POS 31) and nursing facility (POS 32) and not reimbursed separately when reported by a physician or other qualified health care professional on a CMS-1500 claim form.

Please refer to the [Attachments](#) section below for a list of codes/services that are not separately reimbursable in POS 31 and 32.

**Bundling HCPCS Code L8680 with CPT Code 63650**

To further align with CMS, the Oxford Supply Policy will deny HCPCS code L8680 (Implantable neurostimulator electrode), when billed with CPT code 63650 (Percutaneous implantation of neurostimulator electrode array, epidural) in an office or nonfacility place of service.

### **Casting and Splint Supplies**

HCPCS codes A4570, A4580, and A4590 which were previously used for billing of splints and casts are invalid for Medicare use effective July 1, 2001, and new temporary Q codes were established to reimburse physicians and other practitioners for the supplies used in creating casts. Consistent with CMS, Oxford will no longer reimburse HCPCS codes A4570, A4580, and A4590 for casting and splint supplies. Physicians and other qualified health care professionals should be using the temporary Q codes (Q4001-Q4051) for reimbursement of casting and splint supplies.

### **Implantable Tissue Markers**

CMS clarifies that implantable tissue markers (HCPCS code A4648) and implantable radiation dosimeters (HCPCS code A4650) are separately billable and payable when used in conjunction with CPT codes 19499, 32553, 49411 or 55876 on a claim for physician or other qualified health care professional services. Consistent with CMS, Oxford will allow separate reimbursement for HCPCS codes A4648 and A4650 when billed on the same date of service with either CPT codes 19499, 32553, 49411 or 55876. If not reported with at least one of these CPT codes, HCPCS codes A4648 and A4650 are not separately reimbursable.

### **Supply Code 99070**

For reimbursement of covered medical and surgical supplies, an appropriate Level II HCPCS code must be submitted. The non-specific CPT code 99070 (supplies and materials, except spectacles, provided by the physician or other qualified health care professional over and above those usually included with the office visit or other services rendered (list drugs, trays, supplies, or materials provided)) is not reimbursable in any setting.

## **DEFINITIONS**

**National Physician Fee Schedule (NPFS) Relative Value File:** A public use file that contains information on services covered by the Medicare Physician Fee Schedule (MPFS). The file contains the associated Relative Value Units (RVUs), a fee schedule status indicator, and various payment policy indicators needed for payment adjustment (e.g., payment of assistant at surgery, team surgery, bilateral surgery).

**Practice Expense Relative Value Units:** The assigned unit value of a particular CPT or HCPCS code for maintaining a practice including rent, equipment, supplies and non-physician staff costs.

**Relative Value Units:** The assigned unit value of a particular CPT or HCPCS code. The associated RVU is either from the CMS NPFS Non-Facility Total value or Facility Total value.

## **QUESTIONS AND ANSWERS**

1	Q:	If a member obtains medical supplies such as blood glucose test strips or lancets from a medical supply company, what place of service should the medical supply company report?
	A:	Since the items are for home use, the medical supply company should report with a CMS Place of Service code 12 (Home). Reporting any other place of service code than 12 would be inappropriate when the items are dispensed for home use.
2	Q:	Why does this policy not address all codes with an NPFS status code indicator of "B"?
	A:	Codes from the NPFS with a status of "B," but otherwise addressed in other Oxford coverage documents or medical, reimbursement and other policies, are not included in this policy.
3	Q:	Does Oxford reimburse for casting and splint supplies?
	A:	Yes. Oxford will only reimburse for casting and splint supplies when billed with the temporary Q codes (Q4001-Q4051).

## **ATTACHMENTS**

### **Supply Codes List**

A list of HCPCS supply codes that are not separately reimbursable in POS 1, 3, 4, 9, 11, 12, 13, 14, 15, 16, 17, 20, 33, 49, 50, 54, 55, 57, 60, 62, 65, 71, 72, 81, and 99



Supply Codes List

### Supply Facility J-Code Denial Code List

A list of drug codes not separately reimbursable in POS 19, 21, 22, 23, or 24



Supply Facility  
J-Code Denial Codes

### Supply DME Codes in a Facility Setting

A list of DME codes for purchase only, not separately reimbursable in POS 19, 21, 22, or 23



Supply DME Codes in  
a Facility Setting

### Supply DME Codes in an Ambulatory Surgical Center

A list of DME codes for purchase only, not separately reimbursable in POS 24



Supply DME Codes in  
an ASC

### Supply DME Codes in a Skilled Nursing Facility

A list of DME, orthotics, prosthetics, and related supplies not separately reimbursable in POS 31 or 32



Supply DME Codes in  
a SNF

## REFERENCES

The foregoing Oxford policy has been adapted from an existing UnitedHealthcare national policy that was researched, developed and approved by UnitedHealthcare Payment Policy Oversight Committee. [2018R0006B]

American Medical Association. Current Procedural Terminology (CPT®) and associated publications and services.

Centers for Medicare and Medicaid Services, CMS Manual System and other CMS publications and services.

Centers for Medicare and Medicaid Services, Healthcare Common Procedure Coding System, HCPCS Release and Code Sets.

## POLICY HISTORY/REVISION INFORMATION

Date	Action/Description
01/01/2019	<ul style="list-style-type: none"><li>Updated list of <i>Supply Facility J-Code Denial Codes</i> (HCPCS codes for drugs not separately reimbursable in POS 19, 21, 22, 23, or 24) to reflect annual code edits; removed J0833 and J9310</li><li>Updated list of <i>Supply DME Codes in a Facility Setting</i> (HCPCS codes for DME for purchase only; not separately reimbursable in POS 19, 21, 22, or 23) to reflect annual code edits; removed Q4131</li><li>Updated list of <i>Supply DME Codes in an Ambulatory Surgical Center</i> (HCPCS codes for DME for purchase only; not separately reimbursable in POS 24) to reflect annual code edits; removed Q4131 and Q4172</li><li>Archived previous policy version ADMINISTRATIVE 220.25 T0</li></ul>