

Further Clarification for Home Health Agencies who Bill for Medical Supplies (Revised)

The Palmetto GBA Claims Department has updated the following article to reflect the addition of revenue code 274 as one of the appropriate revenue codes that must be present in order for the supply charge to be payable under MPFS.

The Palmetto GBA Claims Department developed the following article to assist home health providers that bill for medical supplies which are not covered under a home health plan of care (POC). This article further clarifies the information listed in the Centers for Medicare & Medicaid Services (CMS) Pub. 100-04 (Medicare Claims Processing Manual), Chapter 20, Section 140.2 (Billing for HHA Medical Supplies).

Supplies listed on a 34X (Home Health, Outpatient) type of bill are payable under the Part B Medicare Physician Fee Schedule (MPFS). A valid Healthcare Common Procedure Code System (HCPCS) code must be present along with the appropriate revenue code (270, 271, 272 or 274) for the supply charge to be payable under MPFS. Without a HCPCS associated with the revenue code, there is no basis for the fee payment.

Effective for dates of service October 1, 2000 and after, all 34X bills with supply charges must contain a valid HCPCS code. If one is not submitted, the claim(s) will be returned to the provider with the appropriate reason code that states a valid HCPCS code is required for the revenue code being submitted. This change is effective April 15, 2005. For claims that have processed for dates of service October 1, 2000 and after, overpayment actions will be initiated beginning May 1, 2005. All home health providers are encouraged to submit adjustments or cancels to 34X bills that contain supply charges without a valid HCPCS code. Adjustment bills with dates of service prior to October 1, 2003, untimely filing rules for these claims will be reviewed on a claim-by-claim basis.

All home health providers will be given the opportunity to resubmit corrected 34X claim(s) that were cancelled for dates of service prior to October 1, 2003. In order for our claims department to review these claims on a claim-by-claim basis for untimely filing rules, Palmetto GBA must receive and date by December 31, 2005 or before. If the receipt date is after December 31, 2005, normal Medicare Processing rules will apply.

The following is the reference to the [Chapter 20 \(Section 140.2\), Medicare Claims Processing Manual \(CMS Pub. 100-04\)](#)

Medical supplies are items that, due to their therapeutic or diagnostic characteristics, are essential in enabling personnel to carry out effectively the care the physician has ordered for the treatment or diagnosis of the patient's illness or injury. Medical supplies fit into two categories. They are classified as:

- Routine because they are used in small quantities for patients during the usual course of most home visits; or
- Nonroutine because they are needed to treat a patient's specific illness or injury in accordance with the physician's plan of care and meet further conditions discussed in more detail below.

Both routine and non-routine medical supplies are included in the home health PPS rate and are not separately payable if the beneficiary is under a home health plan of care. The CMS publishes a list of these medical supplies annually, identified by HCPCS code. If no home health plan of care is in place, non-routine medical supplies are reported separately on the bill and the supplies are payable on 34X bills.