

## **Dermatology Coding Alert**

### **Reader Question: POS Determines Supply Reimbursement**

**Question:** My doctors are concerned that our practice is losing money on supplies, such as surgical trays, that they use during in-office procedures. Should we be billing for these necessary supplies?

Pennsylvania Subscriber

**Answer:** The answer depends on the payer you're billing and the contract you have with that payer. If you perform office-based (non-hospital) procedures, most insurers include payment in the procedure's fee for supplies, such as needles, surgical trays, dressings, sutures, guides, scalpels, and puncture sets.

**Tip:** Although Medicare and private payers consider most supply costs associated with procedures covered under the procedure's payment, private payers' reimbursement policies vary, so you should check with each of your payers.

**Facility difference:** Payers normally reimburse facilities (such as hospitals or ambulatory surgical centers) directly for supply costs when your physician performs the procedure at the facility. But even though HCPCS codes exist for many of these items (such as A4550 for a surgical tray), most insurers will not pay your practice for the supplies separately when the physician performs the surgical procedure in an office.

In fact, the Medicare Physician Fee Schedule usually reimburses more for non-facility (office-based) procedures than those performed in a facility. Medicare reasons that the office procedures include payment for the drugs, supplies, and equipment that the physician uses during the in-office service. Because hospitals bill for these supplies independently, physicians who perform hospital-based procedures will collect reimbursement for the professional procedure only and not the supplies.