

Payment Policies for Healthcare Services

Provided to Injured Workers and Crime Victims

Chapter 28: Supplies, Materials, and Bundled Services

Effective July 1, 2023



Link: Look for possible <u>updates and corrections</u> to these payment policies on L&I's website.

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The following terms are utilized in this chapter and are defined as follows:

Acquisition cost: The acquisition cost equals:

- The wholesale cost, plus
- Shipping and handling, plus
- Sales tax.

By Report (BR): A code listed in the fee schedule as BR doesn't have an established fee because the service is too unusual, variable, or new. When billing for the code, the provider must provide a report that defines or describes the services or procedures. The insurer will determine an appropriate fee based on the report.



Link: For the full legal definition of By Report, see WAC 296-20-01002.

Bundled codes: Procedure codes that are not separately payable because they are accounted for and included in the payment of other procedure codes and services. Pharmacy and DME providers can bill HCPCS codes listed as bundled in the fee schedules. This is because, for these provider types, there isn't an office visit or a procedure into which supplies can be bundled.



Link: For the legal definition of Bundled codes, see WAC 296-20-01002.

Primary surgical dressings: Therapeutic or protective coverings directly applied to wounds or lesions on the skin or caused by an opening on the skin. These dressings include items such as:

- Telfa,
- Adhesive strips for wound closure, and
- Petroleum gauze.

Secondary surgical dressings: Secondary surgical dressings serve a therapeutic or protective function and secure primary dressings. These dressings include items such as:

- Adhesive tape,
- Roll gauze,
- Binders, and
- Disposable compression material.

Supplies: Supplies include, but aren't limited to:

- Drugs administered in a provider's office,
- Medical and surgical supplies, and
- Prefabricated orthotics.



The following CPT®, HCPCS, and/or local code modifiers apply to this chapter:

–NU (New purchased DME)

Use the –NU modifier when a new DME item is to be purchased.

-RR (Rented DME)

Use the -RR modifier when DME is to be rented.

-1S (Surgical dressings for home use)

Bill the appropriate HCPCS code for each dressing item using the –1S modifier for each item. Use this modifier to bill for surgical dressing supplies dispensed for home use.



Payment policy: Acquisition cost policy

General information

This policy doesn't apply to hospital bills. For the Hospital **acquisition cost** policy, see <u>Chapter</u> 35: Hospitals.

Requirements for billing

Billing acquisition cost

The total **acquisition cost** should be billed as 1 charge. The **acquisition cost** equals:

- The wholesale cost, plus
- Shipping and handling, plus
- Sales tax.

Sales tax and shipping and handling charges aren't paid separately and must be included in the total charge of the supply. An itemized statement showing total cost must be attached to bills. Bills without an itemized statement may be denied.

Supply codes without a fee listed will be paid at their acquisition cost.

Wholesale invoices

Providers must keep wholesale invoices for all **supplies** and materials in their office files for a minimum of 5 years.

A provider must submit a hard copy of the wholesale invoice to the insurer:

- When billing for a supply item that costs **\$150.00** or more, *or*
- Upon request.



Note: The insurer may delay payment of the provider's bill if the insurer hasn't received this invoice.

Payment policy: Casting materials

Services that can be billed

Bill for casting materials with HCPCS codes Q4001-Q4051.

Services that aren't covered

No payment will be made for the use of a cast room. Use of a cast room is considered part of a provider's practice expense.



Services that can be billed

Separate payment is allowed for placement of a temporary indwelling catheter when treatment is:

- Performed in a provider's office, and
- Used to treat a temporary obstruction.

Link: For more information about catheterization to obtain specimen(s) for lab tests, see the Specimen collection and handling payment policy in Chapter 23: Pathology and Laboratory Services.

Payment limits

Separate payment isn't allowed when placement of a temporary indwelling catheter is performed:

- On the same day as a major surgical procedure, or
- During the postoperative period of a major surgical procedure that has a follow up period.

Payment policy: Hot or cold therapy durable medical equipment (DME)

Services that can be billed

Ice cap or collar (HCPCS code **A9273**) is payable for DME providers only and is **Bundled** for all other provider types.

Services that aren't covered

Hot water bottles, heat and/or cold wraps aren't covered.

Hot or cold therapy DME isn't covered. For example, heat devices for home use, including heating pads. These devices either aren't covered or are **Bundled**.



Link: For more information, see WAC 296-20-1102.

Payment limits

Application of hot or cold packs (CPT® code 97010) is Bundled for all providers.



Link: For more information, see the payment policy for Hot and cold therapy DME in <u>Chapter 9:</u>

Durable Medical Equipment.

Payment policy: Miscellaneous supplies

Services that can be billed

HCPCS billing code **E1399** can be billed for a miscellaneous supply that meets both of these criteria:

- The supply (or DME item) doesn't have a valid HCPCS code assigned, and
- The item must be appropriate relative to the injury or type of treatment being received by the worker.

Services that aren't covered

The insurer won't pay CPT® code **99070**, which represents miscellaneous **supplies** and materials provided by the provider.

Requirements for billing

All bills for **E1399** items must have:

- Either the –NU or –RR modifier, and
- A description must be on the paper bill or in the remarks section of the electronic bill.

These specific miscellaneous **supplies** must be billed using HCPCS code **E1399**:

- Therapy putty and tubing, and
- Anti-vibration gloves.



ealsPayment policy: Services and supplies

General information

Services and **supplies** must be medically necessary and must be prescribed by an approved provider for the direct treatment of an accepted condition.

Providers must bill specific HCPCS or local codes for **supplies** and materials provided during an office visit or with other office services.

For covered medical and surgical **supplies** that pay **By Report**, providers must bill their usual and customary fees. To find out which codes pay **By Report**, see the Medical and Surgical Supplies section of the <u>Professional Services Fee Schedule</u>.



Links: For more information on billing usual and customary fees, see WAC 296-20-010(2).

Services that aren't covered

The insurer won't pay CPT® code **99070**, which represents miscellaneous **supplies** and materials provided by the provider.

Payment limits

Under the fee schedules, some services and supply items are considered **Bundled** into the cost of other services (associated office visits or procedures) and won't be paid separately. These include:

- Supplies used in the course of an office visit, and
- Fitting fees, which are Bundled into the office visit or into the cost of any DME.

For medical and surgical **supplies** that pay **By Report** (except **E1399**) the insurer will pay 80% of the billed charge.

To see which billing codes are **Bundled**, see <u>L&l's Professional Services Fee Schedule</u>; in the dollar value column, such items show the word **Bundled** (instead of a dollar amount).



Bundled CPT® supply codes

These CPT® service codes are **Bundled**:

- 99070, and
- 99071

Bundled HCPCS supply codes

In the following table, items with an asterisk (*) are used as orthotics/prosthetics and may be paid separately **for permanent conditions** if they are provided in the physician's office.

If the condition is acute or temporary, these items aren't considered prosthetics.

For example:

- Foley catheters and accessories for permanent incontinence or ostomy supplies for permanent conditions may be paid separately when provided in the physician's office, and
- The Foley catheter used to obtain a urine specimen, used after surgery, or used to treat an acute obstruction wouldn't be paid separately because it is treating a temporary problem, *and*
- If a patient had an indwelling Foley catheter for permanent incontinence, and a problem developed which required the physician to replace the Foley, then the catheter would be considered a prosthetic/orthotic and would be paid separately.

This HCPCS supply code is bundled:	And it has this abbreviated description:
A0380	Basic life support mileage
A0382	Basic support routine suppls
A0384	Bls defibrillation supplies
A0390	Advanced life support mileag
A0392	Als defibrillation supplies
A0394	Als IV drug therapy supplies
A0396	Als esophageal intub suppls
A0398	Als routine disposble suppls
A0420	Ambulance waiting 1/2 hr
A0422	Ambulance 02 life sustaining
A0424	Extra ambulance attendant
A4206	1 CC sterile syringe & needle
A4207	2 CC sterile syringe & needle
A4208	3 CC sterile syringe & needle
A4209	5+ CC sterile syringe & needle
A4211	Supp for self-adm injections
A4212	Non coring needle or stylet
A4213	20+ CC syringe only
A4215	Sterile needle
A4216	Sterile water/saline, 10 ml
A4217	Sterile water/saline, 500 ml
A4218	Sterile saline or water
A4244	Alcohol or peroxide per pint
A4245	Alcohol wipes per box
A4246	Betadine/phisohex solution
A4247	Betadine/iodine swabs/wipes
A4248	Chlorhexidine antisept
A4250	Urine reagent strips/tablets

This HCPCS supply code is bundled:	And it has this abbreviated description:
A4252	Blood ketone test or strip
A4253	Blood glucose/reagent strips
A4256	Calibrator solution/chips
A4257	Replace Lensshield Cartridge
A4258	Lancet device each
A4259	Lancets per box
A4262	Temporary tear duct plug
A4263	Permanent tear duct plug
A4265	Paraffin
A4270	Disposable endoscope sheath
A4300	Cath impl vasc access portal
A4301	Implantable access syst perc
A4305	Drug delivery system >=50 ML
A4306	Drug delivery system <=5 ML
A4310	Insert tray w/o bag/cath
A4311	Catheter w/o bag 2-way latex
A4312	Cath w/o bag 2-way silicone
A4313	Catheter w/bag 3-way
A4314	Cath w/drainage 2-way latex
A4315	Cath w/drainage 2-way silcne
A4316	Cath w/drainage 3-way
A4320	Irrigation tray
A4321	Cath therapeutic irrig agent
A4322	Irrigation syringe
A4326*	Male external catheter
A4327*	Fem urinary collect dev cup
A4328*	Fem urinary collect pouch
A4330	Stool collection pouch

This HCPCS supply code is bundled:	And it has this abbreviated description:
A4331	Extension drainage tubing
A4332	Lube sterile packet
A4333	Urinary cath anchor device
A4334	Urinary cath leg strap
A4335*	Incontinence supply
A4336	Urethral insert
A4338*	Indwelling catheter latex
A4340*	Indwelling catheter special
A4344*	Cath indw foley 2 way silicn
A4346*	Cath indw foley 3 way
A4349	Disposable male external cat
A4351	Straight tip urine catheter
A4352	Coude tip urinary catheter
A4353	Intermittent urinary cath
A4354	Cath insertion tray w/bag
A4355	Bladder irrigation tubing
A4356*	Ext ureth clmp or compr dvc
A4357*	Bedside drainage bag
A4358*	Urinary leg or abdomen bag
A4360	Disposable ext urethral dev
A4361*	Ostomy face plate
A4362*	Solid skin barrier
A4363	Ostomy clamp, replacement
A4364*	Adhesive, liquid or equal
A4366*	Ostomy vent
A4367*	Ostomy belt
A4368*	Ostomy filter
A4369*	Skin barrier liquid per oz

This HCPCS supply code is bundled:	And it has this abbreviated description:
A4371*	Skin barrier powder per oz
A4372*	Skin barrier solid 4x4 equiv
A4373*	Skin barrier with flange
A4375*	Drainable plastic pch w fcpl
A4376*	Drainable rubber pch w fcplt
A4377*	Drainable plstic pch w/o fp
A4378*	Drainable rubber pch w/o fp
A4379*	Urinary plastic pouch w fcpl
A4380*	Urinary rubber pouch w fcplt
A4381*	Urinary plastic pouch w/o fp
A4382*	Urinary hvy plstc pch w/o fp
A4383*	Urinary rubber pouch w/o fp
A4384*	Ostomy faceplt/silicone ring
A4385*	Ost skn barrier sld ext wear
A4387*	Ost clsd pouch w att st barr
A4388*	Drainable pch w ex wear barr
A4389*	Drainable pch w st wear barr
A4390*	Drainable pch ex wear convex
A4391*	Urinary pouch w ex wear barr
A4392*	Urinary pouch w st wear barr
A4393*	Urine pch w ex wear bar conv
A4394*	Ostomy pouch liq deodorant
A4395*	Ostomy pouch solid deodorant
A4396	Peristomal hernia supprt blt
A4398*	Ostomy irrigation bag
A4399*	Ostomy irrig cone/cath w brs
A4400*	Ostomy irrigation set
A4402*	Lubricant per ounce

This HCPCS supply code is bundled:	And it has this abbreviated description:
A4404*	Ostomy ring each
A4405*	Nonpectin based ostomy paste
A4406*	Pectin based ostomy paste
A4407*	Ext wear ost skn barr <=4sq
A4408*	Ext wear ost skn barr >4sq
A4409*	Ost skn barr w flng <=4 sq I
A4410*	Ost skn barr w flng >4sq
A4411	Ost skn barr extnd =4sq
A4412	Ost pouch drain high output
A4413*	2 pc drainable ost pouch
A4414*	Ostomy sknbarr w/o conv<=4sq in
A4415*	Ostomy skn barr w/o conv >4 sqi
A4416*	Ost pch clsd w barrier/filtr
A4417*	Ost pch w bar/bltinconv/fltr
A4418*	Ost pch clsd w/o bar w filtr
A4419*	Ost pch for bar w flange/flt
A4420*	Ost pch clsd for bar w lk fl
A4421*	Ostomy supply misc
A4422*	Ost pouch absorbent material
A4423*	Ost pch for bar w lk fl/fltr
A4424*	Ost pch drain w bar & filter
A4425*	Ost pch drain for barrier fl
A4426*	Ost pch drain 2 piece system
A4427*	Ost pch drain/barr lk flng/f
A4428*	Urine ost pouch w faucet/tap
A4429*	Urine ost pouch w bltinconv
A4430*	Ost urine pch w b/bltin conv
A4431*	Ost pch urine w barrier/tapv

This HCPCS supply code is bundled:	And it has this abbreviated description:
A4432*	Os pch urine w bar/fange/tap
A4433*	Urine ost pch bar w lock fln
A4434*	Ost pch urine w lock flng/ft
A4435	1pc ost pch drain hgh output
A4450	Non-waterproof tape
A4452	Waterproof tape
A4455	Adhesive remover per ounce
A4456	Adhesive remover, wipes
A4458	Reusable enema bag
A4461	Surgicl dress hold non-reuse
A4463	Surgical dress holder reuse
A4465	Non-elastic extremity binder
A4470	Gravlee jet washer
A4480	Vabra aspirator
A4520	Incontinence garment anytype
A4550	Surgical trays
A4554	Disposable underpads
A4556	Electrodes, pair
A4557	Lead wires, pair
A4558	Conductive paste or gel
A4559	Coupling gel or paste
A4649	Surgical supplies
A4670	Automatic bp monitor, dial
A4930	Sterile, gloves per pair
A5051*	Pouch clsd w barr attached
A5052*	Clsd ostomy pouch w/o barr
A5053*	Clsd ostomy pouch faceplate
A5054*	Clsd ostomy pouch w/flange

This HCPCS supply code is bundled:	And it has this abbreviated description:
A5055*	Stoma cap
A5061*	Pouch drainable w barrier at
A5062*	Drnble ostomy pouch w/o barr
A5063*	Drain ostomy pouch w/flange
A5071*	Urinary pouch w/barrier
A5072*	Urinary pouch w/o barrier
A5073*	Urinary pouch on barr w/flng
A5081*	Stoma plug or seal, any type
A5082*	Continent stoma catheter
A5083*	Stoma absorptive cover
A5093*	Ostomy accessory convex inse
A5102*	Bedside drain btl w/wo tube
A5105*	Urinary suspensory
A5112*	Urinary leg bag
A5113*	Latex leg strap
A5114*	Foam/fabric leg strap
A5120	Skin barrier, wipe or swab
A5121*	Solid skin barrier 6x6
A5122*	Solid skin barrier 8x8
A5126*	Disk/foam pad +or- adhesive
A5131*	Appliance cleaner
A6010	Collagen based wound filler
A6011	Collagen gel/paste wound fil
A6021	Collagen dressing <=16 sq in
A6022	Collagen drsg>16<=48 sq in
A6023	Collagen dressing >48 sq in
A6024	Collagen dsg wound filler
A6025	Silicone gel sheet, each

This HCPCS supply code is bundled:	And it has this abbreviated description:
A6154	Wound pouch each
A6196	Alginate dressing <=16 sq in
A6197	Alginate drsg >16 <=48 sq in
A6198	Alginate dressing > 48 sq in
A6199	Alginate drsg wound filler
A6203	Composite drsg <= 16 sq in
A6204	Composite drsg >16<=48 sq in
A6205	Composite drsg > 48 sq in
A6206	Contact layer <= 16 sq in
A6207	Contact layer >16<= 48 sq in
A6208	Contact layer > 48 sq in
A6209	Foam drsg <=16 sq in w/o bdr
A6210	Foam drg >16<=48 sq in w/o b
A6211	Foam drg > 48 sq in w/o brdr
A6212	Foam drg <=16 sq in w/border
A6213	Foam drg >16<=48 sq in w/bdr
A6214	Foam drg > 48 sq in w/border
A6215	Foam dressing wound filler
A6216	Non-sterile gauze<=16 sq in
A6217	Non-sterile gauze>16<=48 sq
A6218	Non-sterile gauze > 48 sq in
A6219	Gauze <= 16 sq in w/border
A6220	Gauze >16 <=48 sq in w/bordr
A6221	Gauze > 48 sq in w/border
A6222	Gauze <=16 in no w/sal w/o b
A6223	Gauze >16<=48 no w/sal w/o b
A6224	Gauze > 48 in no w/sal w/o b
A6228	Gauze <= 16 sq in water/sal

This HCPCS supply code is bundled:	And it has this abbreviated description:
A6229	Gauze >16<=48 sq in watr/sal
A6230	Gauze > 48 sq in water/salne
A6231	Hydrogel dsg<=16 sq in
A6232	Hydrogel dsg>16<=48 sq in
A6233	Hydrogel dressing >48 sq in
A6234	Hydrocolld drg <=16 w/o bdr
A6235	Hydrocolld drg >16<=48 w/o b
A6236	Hydrocolld drg > 48 in w/o b
A6237	Hydrocolld drg <=16 in w/bdr
A6238	Hydrocolld drg >16<=48 w/bdr
A6239	Hydrocolld drg > 48 in w/bdr
A6240	Hydrocolld drg filler paste
A6241	Hydrocolloid drg filler dry
A6242	Hydrogel drg <=16 in w/o bdr
A6243	Hydrogel drg >16<=48 w/o bdr
A6244	Hydrogel drg >48 in w/o bdr
A6245	Hydrogel drg <= 16 in w/bdr
A6246	Hydrogel drg >16<=48 in w/b
A6247	Hydrogel drg > 48 sq in w/b
A6248	Hydrogel drsg gel filler
A6250	Skin seal protect moisturizr
A6251	Absorpt drg <=16 sq in w/o b
A6252	Absorpt drg >16 <=48 w/o bdr
A6253	Absorpt drg > 48 sq in w/o b
A6254	Absorpt drg <=16 sq in w/bdr
A6255	Absorpt drg >16<=48 in w/bdr
A6256	Absorpt drg > 48 sq in w/bdr
A6257	Transparent film <= 16 sq in

This HCPCS supply code is bundled:	And it has this abbreviated description:
A6258	Transparent film >16<=48 in
A6259	Transparent film > 48 sq in
A6260	Wound cleanser any type/size
A6261	Wound filler gel/paste /oz
A6262	Wound filler dry form / gram
A6266	Impreg gauze no h20/sal/yard
A6402	Sterile gauze <= 16 sq in
A6403	Sterile gauze>16 <= 48 sq in
A6404	Sterile gauze > 48 sq in
A6407	Packing strips, non-impreg
A6410	Sterile eye pad
A6411	Non-sterile eye pad
A6412	Occlusive eye patch
A6413	Adhesive bandage, first-aid
A6441	Pad band w>=3 <5/yd
A6442	Conform band n/s w<3/yd
A6443	Conform band n/s w>=3<5/yd
A6444	Conform band n/s w>=5/yd
A6445	Conform band s w <3/yd
A6446	Conform band s w>=3 <5/yd
A6447	Conform band s w >=5/yd
A6448	Lt compres band <3/yd
A6449	Lt compres band >=3 <5/yd
A6450	Lt compres band >=5/yd
A6451	Mod compr band w>=3<5/yd
A6452	High compr band w>=3<5yd
A6453	Self-adher band w <3/yd
A6454	Self-adher band w>=3 <5/yd

This HCPCS supply code is bundled:	And it has this abbreviated description:
A6455	Self-adher band >=5/yd
A6456	Zinc paste band w >=3<5/yd
A6457	Tubular dressing
A9150	Misc/exper non-prescript dru
A9273	Hot/cold H20bot/cap/col/wrap
A9900	Supply/accessory/service
J3535	Metered dose inhaler drug
J7599	Immunosuppressive drug noc
J7699	Inhalation solution for DME
J7799	Non-inhalation drug for DME
J8498	Antiemetic rectal/sup nos
J8499	Oral prescript drug non chemo
J8597	Antiemetic drug oral nos
J8999	Oral prescription drug chemo
L8614	Cochlear device
T4521	Adult size brief/diaper sm
T4522	Adult size brief/diaper med
T4523	Adult size brief/diaper lg
T4524	Adult size brief/diaper xl
T4525	Adult size pull-on sm
T4526	Adult size pull-on med
T4527	Adult size pull-on lg
T4528	Adult size pull-on xl
T4533	Youth size brief/diaper
T4534	Youth size pull-on
T4535	Disposable liner/shield/pad
T4536	Reusable pull-on any size
T4537	Reusable underpad bed size

This HCPCS supply code is bundled:	And it has this abbreviated description :
T4539	Reuse diaper/brief any size
T4540	Reusable underpad chair size
T4541	Large disposable underpad
T4542	Small disposable underpad
T4544	Adlt disp und/pull on abv xl

Payment policy: Surgical dressings dispensed for home use

Requirements for billing

Providers must bill the appropriate HCPCS code for each dressing item, along with the local billing code modifier **–1S** for each item.

Payment limits

Primary surgical dressings and **secondary surgical dressings** dispensed for home use are payable at **acquisition cost** when all of these conditions are met:

- They are dispensed to a patient for home care of a wound, and
- They are medically necessary, and
- The wound is due to an accepted work related condition.

The cost for surgical dressings applied during a procedure, office visit, or clinic visit is included in the practice expense component of the RVU (overhead) for that provider. Separate payment isn't allowed.

Items such as elastic stockings, support hose, and pressure garments aren't **secondary surgical dressings** and must be billed with the appropriate HCPCS code.

Surgical dressing **supplies** and codes billed without the local modifier **–1S** are considered **Bundled** and won't be paid.

Pneumatic compression devices used during surgery and sent home with the worker are considered surgical supplies. The cost of the device is bundled into the surgical service fee and is not separately payable, even to **DME** suppliers. For details on coverage of pneumatic compression devices, see Chapter 9: Durable Medical Equipment.

Payment policy: Surgical trays and supplies used in the physician's office

Payment limits

L&I follows CMS's policy of bundling HCPCS codes for surgical trays and **supplies** used in a physician's office. Surgical trays and **supplies** won't be paid separately.

Special note: Surgical dressings and other items dispensed for home use

Surgical dressings and other items dispensed for home use are separately payable when billed with local modifier **–1S**.



Links to related topics

If you're looking for more information about	Then see
Administrative rules for topics relevant to this chapter	Washington Administrative Code (WAC) 296-20-1102 WAC 296-20-01002
Becoming an L&I provider	Become A Provider on L&I's website
Billing instructions and forms	Chapter 2: Information for All Providers
Fee schedules for all healthcare facility services (including ASCs)	Fee schedules on L&I's website
Payment policies for catheterization to obtain specimens for lab tests	Chapter 23: Pathology and Laboratory Services
Payment policies for durable medical equipment (DME)	Chapter 9: Durable Medical Equipment
Payment policies for hospital acquisition cost policy	Chapter 35: Hospitals

Need more help?

Call L&I's Provider Hotline at 1-800-848-0811 or email PHL@Ini.wa.gov