Memorandum

Centers for Medicare & Medicaid Services
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Date: 9/18/01

To: Michael P. Lewis, Financial Review Services, Inc.

From: Paula Hammond-McNatt, CMS/Dallas

Subject: Your e-mail inquiry dated 9/5/01 regarding "Billing vs. Charging and Routine vs. Ancillary"

This is in follow-up to the conference call which Jackie Brown, Freddie Kemp, and I had with you this morning. It appears that the crux of your issue concerns what the hospital can show as charges on its itemized statement versus what is shown on the Medicare claim form, UB-92.

As we discussed, we do not make a distinction between the terms "billing" versus "charging". It is within the purview of the provider to establish its own charge structure and one would expect that the provider bills all insurers according to its charge structure. CMS does not prescribe or regulate what is included on the hospital's itemized statement. The agency would expect the charges to be valid and records available to support what is billed to the Medicare program.

Although Medicare does not prescribe what can be listed or detailed on the provider's itemized statement, we do have guidelines on how charges are billed on the UB-92 claim form. As in the example we discussed, operating room (OR) instruments and equipment could be detailed on the itemized statement but should be aggregated into the total for "OR Services" under revenue code 360 on the UB-92. Items such as surgery packs and other supplies could be listed on the itemized statement but would have to be rolled up into the total for "Medical/Surgical Supplies" under revenue code 270.

We hope that this addresses your questions and concerns that we discussed.

cc: Freddie Kemp
Jackie Brown