

Purchase Item Master Review

BACKGROUND-

Many health care organizations experience difficulties capturing and billing supply charges due to inconsistencies between the purchase item master and the billing system. Many times these systems are not linked; and therefore become unsynchronized resulting in lost revenue and other compliance concerns.

There are seven types of supplies used in hospitals, some of which should not be charged to the patient. The various types of supplies and the billing status for each are as follows:

1. **Routine items**- Low cost, bulk stock items (i.e. Band-Aids, syringes, wipes, gowns, gloves, drapes, and packs) are not to be charged. The cost is to be billed using the OR time charge.
2. **Sterile**- Higher cost items are itemized on the charge form; multiple units are allowed. These items are to be billed with a HCPCS code (if possible) and 0272 revenue code.
3. **DME exempt**- These are DME items which can be billed to the Medicare program, they include orthotics (splints, braces, collars, and belts). These items are billed using a HCPCS code and a 0274 revenue code.
4. **DME non-exempt**- Non-billable DME items (i.e. crutches, canes, and walkers) are not to be billed to the Medicare program on a bill type UB04.
5. **Implants**- Hard items which remain in the patient post-procedure, these items may have a HCPCS code and are billed using a 0278 revenue code.
6. **IOL Lenses**- Billed using a HCPCS code (if possible) and a 0276 revenue code. High cost lenses can be billed to the patient (lens cost less the \$150 Medicare allowance).
7. **Pacemakers**- Requires a HCPCS code and a 0275 or 0278 revenue code.

Code	Description
0270	Medical/Surgical Supplies and Devices - General Classification
0271	Medical/Surgical Supplies and Devices - Nonsterile Supply
0272	Medical/Surgical Supplies and Devices - Sterile Supply
0273	Medical/Surgical Supplies and Devices - Take Home Supplies
0274	Medical/Surgical Supplies and Devices - Prosthetic/Orthotic Devices
0275	Medical/Surgical Supplies and Devices - Pace maker
0276	Medical/Surgical Supplies and Devices - Intraocular Lens
0277	Medical/Surgical Supplies and Devices - Oxygen-Take Home
0278	Medical/Surgical Supplies and Devices - Other Implants
0279	Medical/Surgical Supplies and Devices - Other Supplies/Devices

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THE PARAREV SOLUTION:

Determining which supply items are billable and maintaining consistency between the Purchase Item Master (PIM) and the Charge Description Master (CDM) can become a daunting task for revenue cycle and materials management personnel.

ParaRev's Purchase Item Master review brings together the coding and financial analytics components of our services to create a link and a process to appropriately maintain the systems simultaneously.

Details of this project including purpose, data requirements, method, timeline, and deliverables are as follows. If you would like further information, please contact your Account Executive.

PURPOSE:

The goal of the PIM review is to identify all billable items contained within the PIM and reconcile the PIM by line item to the CDM. The review also analyzes the HCPCS and revenue codes for the PIM/CDM items, to ensure compliant and appropriate supply billing practices.

The screenshot displays the ParaRev software interface for the Purchase Item Master Review. The top navigation bar includes tabs for Select, Charge Quote, Charge Process, Claim/RA, Contracts, Pricing Data, Pricing, Rx / Supplies, Filters (highlighted), CDM, Calculator, Advisor, Admin, RAC, CAT, and PARA. The main interface is divided into several sections:

- Coding Filters:** Includes a list of items (Supplies - Revenue Codes, Implants Identified For Review, Flagged For Review, No Reimbursement, Part B Only, DME OPPS Exempt, DME OPPS - Identified for Review, Zero Price, Consistency, Physician 'Incident To' Services) and various filter options like Recommended Changes, Changed By, Comment By, Pharmacy, Transmittal, Service, Quantity, and Search for Codes and Descriptions.
- Pricing Filters:** Includes checkboxes for Recommended Price, Same CPT@ w/ Different Price, Relative To Market (with radio buttons for Below Average, Below Midpoint, Above High), Price Below Clinical Lab, Price Below Professional Fees, Price Below DME, Price Below APC Status T, Price Below APC Status S, and Price Below APC Status X.
- Charge Quote:** Includes Package (00 Test) and Add On (CT Contrast).
- CDM:** Includes Department (3010 - Total Items: 00016), Sort By (Procedure Code), and View CDM By (Summary, Detail).
- Reports:** Includes Audit (Unit of service - per ml/sq cm) and Service (Allergy).

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DATA REQUIREMENTS:

The analysis compares the PIM to the CDM and identifies the link between the two systems. Therefore the following data pieces are required for the review:

- Purchase Item Master File
- Charge Description Master File

The data requirements for the tables required can be found at the following link:

[ParaRev Data Requirements](#)

ParaRev - Data Requirements

This document contains the complete data file requirements for all ParaRev services; please refer to Pages 2 and 3 to determine the exact files required for each of the specific engagements

The secure ParaRev file transfer process is included on Page 13 for reference.

General Data Processing Guidelines

In order to facilitate accurate and timely data processing, general guidelines were developed for the data files. The general guidelines are listed below:

- A record layout defining field names, lengths, types, etc. should be provided for each file
- Control totals of Dollar and Quantity fields should be provided for each file
- A record count should be provided for each file
- DATA files ONLY (For migration into SQL Server database)
- NO comma or quote delimited files (Due to the use of comma and quotes in the description fields)
- NO translated fields

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METHOD:

- The analysis compares the PIM to the CDM and identifies the link between the two systems.
- The review will determine which items are included in the PIM but not in the CDM files and which are in the CDM but not in the PIM.
- Any PIM items which are not currently contained in the CDM will be created and activated in the CDM.
- The ParaRev Coding Staff will review each line item in the PIM to determine its Medicare billable status.
- All revenue and HCPCS codes for supply items will be reviewed and updated for correct coding.

TIMELINE:

Purchase Item Master Analysis		Week Number					
Process	Period after receipt of data by PARA	1	2	3	4	5	6
1 Engagement	n/a						
2 Processing of initial data set by PARA	two weeks						
3 Coding Analysis	two weeks						
4 Financial Analysis	two weeks						

DELIVERABLES:

The deliverables to the client include an Excel spreadsheet of the following:

- List of additions and deletions for the CDM
- List of updates for the PIM
- List of revenue and HCPCS updates for the CDM
- Remote Access Update option to script all recommended changes into the client system