

Frequently Asked Question on Reporting Charges for Device Upgrades

Q. How should hospital outpatient departments report device charges when they receive a full credit for a device being replaced by a more costly device?

A. Hospitals paid under the outpatient prospective payment system should follow the administrative guidance in CR 5263 (transmittal 1103, November 3, 2006). These CMS instructions require that the hospital outpatient department report the difference between the charge for the device being implanted and the usual charge for the device for which it received full credit. For example, if a hospital is replacing a single chamber pacemaker with a dual chamber device, and the hospital usually charges \$8,000 for a single chamber pacemaker and \$10,000 for a dual chamber device and gets a full credit of \$4,000 for the single chamber device, they should charge \$2,000 for the dual chamber device (the difference between \$10,000 and \$8,000).

In addition, as indicated in CR 5263, the hospital outpatient department should report modifier -FB with the device implantation procedure when they are replacing an implanted device with a device for which they received a full credit or for which they incurred no cost.