Is it appropriate to charge patient for an implant that was wasted?

These answers to frequently asked questions from OR business managers are provided by MedLearn, a St Paul, Minn-based firm specializing in coding, reimbursement, and compliance.

Is it appropriate to charge a patient for a “wasted” implant, for example, a screw that a surgeon tried but was the wrong size or an implant that is contaminated?

MedLearn consultants: No, this should be factored into the overall charge for this type of procedure and not charged to the patient. The patient should only be charged for what is actually used. The facility should set a policy for such occurrences and follow it for both inpatient and outpatient procedures. For failed or defective devices, the Centers for Medicare and Medicaid Services (CMS) advises hospitals to contact the implant manufacturer and ask that the failed device be replaced at no cost to the facility.

Is there guidance from Medicare on charging for wasted implants? If so, where can it be found?

MedLearn consultants: The only official guidance from CMS that we can find on this specific topic is related to outpatient procedures and is in Transmittal A-02-050 (June 17, 2002). Information about billing for devices under the hospital outpatient prospective payment system (OPPS) can be found in the online Medicare Claims Processing Manual, Chapter 4, Section 61, at www.cms.hhs.gov/manuals/downloads/clm104c04.pdf.

Transmittal A-02-050 relates to transitional pass-through devices for outpatient procedures. CMS stated: “We realize that there may be instances where an implant is tried but later removed due to . . . inappropriate size selection of the device by the physician. . . . In such instances, Medicare will provide separate reimbursement for both devices.”

This transmittal does not directly address a “contaminated” device used in an outpatient procedure, but it does state the following about a device that fractures: “In instances where the physician is required to implant another device because the first device fractured, the hospitals may bill for both devices—the device that resulted in fracture and the one that was implanted into the patient. However, in such a case, Medicare will not pay separately for both devices.”

How should a wasted implant be documented?

MedLearn consultants: This probably should be documented with a note in the patient’s record.

One hospital uses this approach: It does charge if the implant is the wrong size but does not charge if the implant is dropped or contaminated. Would your consultants agree with that approach?

MedLearn consultants: Payment from Medicare is limited, but a hospital is allowed to charge the total of its cost for a service provided. The insurers will pay only to its preset allowed levels for designated services. This payment may be different because of negotiated levels of payment from payers for the same services.
As stated above, the costs associated with implants should be handled the same for both inpatients and outpatients. There will be differences in how Medicare pays for some of them, but the reporting of the costs of resources used (by reporting cost-based charges) would be the same. With the exception of the few items on the transitional pass-through list, implantable devices are not separately reimbursed. The allowance for payment of the cost of implants is packaged into outpatient APC and inpatient DRG rates. The cost to the facility related to the implantation includes all supplies and implants used, regardless of the total dollar value, and all should be reported with the appropriate codes. For cost-reporting purposes, charges captured in the documentation of resource usage apply to all categories of patient services.


Advice on this issue may vary. Managers should seek the advice of their chargemaster specialists and fiscal intermediary.