

Timely Topics

PAYMENT AND PRACTICE MANAGEMENT

May 2015

OIG Issues Report on Incorrect Place of Service Codes on Claims

The ASC X12N – 837 Health Care Claim: Professional and its paper equivalent the CMS 1500 form require physicians and other practitioners who submit claims for services to include information such as:

- The service or procedure performed as described by a CPT® or HCPCS code.
- The reason(s) the service or procedure was medically necessary as described by an ICD-9-CM/ICD-10-CM code.
- The identity of the healthcare professional that provided the service as conveyed by the National Provider Identifier (NPI).
- The place where the service was performed as identified by a Place of Service (POS) code.

The Department of Health and Human Services Office of Inspector General (HHS-OIG) just released a report titled *Incorrect Place-Of-Service Claims Resulted in Potential Medicare Overpayments Costing Millions A-01-13-00506*. The report opens with a very eye-catching finding:

“Physicians did not always correctly code the place of service on physician claims. As a result, Medicare contractors made potential overpayments totaling approximately \$33.4 million for services provided from January 2010 through September 2012.”

The HHS-OIG recommendations subsequent to this finding include having the Centers for Medicare and Medicaid Services (CMS) recoup potential overpayments and continue to provide education to physicians and billers on proper use of the POS codes. The OIG report was released in early May 2015; now is a good time for practices to ensure that they are accurately reporting the POS on their claims.

Under the Resource Based Relative Value System (RBRVS), the system Medicare and many private payers use to assign value and determine payment for most professional services, each procedure is broken down into three components: work, practice expense (PE) and professional liability (PLI). Relative value units (RVUs) are assigned to each of these components. These RVUs are geographically adjusted, then added together. The sum is multiplied by a conversion factor to determine the amount Medicare will allow for the service. The Evaluation and Management services and the procedures that pain physicians provide are paid via the RBRVS. The RBRVS method is not used to value and determine payment for anesthesia services but the RBRVS is important to

Timely Topics

PAYMENT AND PRACTICE MANAGEMENT

anesthesiologists as it is applicable to placement of invasive lines, TEE, post-op pain procedures and other services described by CPT codes outside the range of anesthesia codes -- those services described by CPT codes other than those from 00100 to 01999.

Under RBRVS, the RVUs assigned to the work and professional liability components of a service are not impacted by place of service. However, when a service is provided in a non-facility setting (think office), the physician provides the practice expense resources required to provide the care. This includes clinical labor (a nurse or technician who assists the physician but does not submit claims for his/her services), the necessary supplies and equipment, and indirect expenses such as rent, utilities, staff salaries, etc. When a service could be performed in either a facility or a non-facility setting, the Medicare Physician Fee Schedule recognizes the differential by assigning more PE RVUs when the service is done in a non-facility setting. When such procedures are done in a facility setting, Medicare issues a separate payment to the facility to help cover these costs. The following examples use the 2015 RVU assignments and the RBRVS conversion factor in effect for January 1 – June 30, 2015 (\$35.7547). Recent legislation to repeal the Sustainable Growth Rate formula will have tremendous impact on the conversion factor in the future but will not alter the RVU mechanics.

Example 1:

Code 99213 - Office or other outpatient visit for the evaluation and management of an established patient, which requires at least 2 of these 3 key components: An expanded problem focused history; An expanded problem focused examination; Medical decision making of low complexity.

Work RVU	Non-Facility PE RVU	Facility PE RVU	PLI RVU	Total Non-Facility RVU	Total Facility RVU	Unadjusted Allowed Amount in Non-Facility	Unadjusted Allowed Amount in Facility
0.97	1.01	0.40	0.06	2.04	1.43	\$72.94	\$51.13

Example 2:

Code 36556 - Insertion of non-tunneled centrally inserted central venous catheter; age 5 years or older

Work RVU	Non-Facility PE RVU	Facility PE RVU	PLI RVU	Total Non-Facility RVU	Total Facility RVU	Unadjusted Allowed Amount in Non-Facility	Unadjusted Allowed Amount in Facility
2.50	3.85	0.70	0.30	6.65	3.50	\$237.77	\$125.14

Example 3:

Code 64483 - Injection(s), anesthetic agent and/or steroid, transforaminal epidural, with imaging guidance (fluoroscopy or CT); lumbar or sacral, single level

Work RVU	Non-Facility PE RVU	Facility PE RVU	PLI RVU	Total Non-Facility RVU	Total Facility RVU	Unadjusted Allowed Amount in Non-Facility	Unadjusted Allowed Amount in Facility
1.90	4.16	1.19	0.16	6.22	3.25	\$222.39	\$116.20

Timely Topics

PAYMENT AND PRACTICE MANAGEMENT

The HHS-OIG report concluded that there is a significant instance of services being performed in a facility with the physician claim reporting a non-facility POS code resulting in potential overpayment.

Because HHS-OIG reports result in increased scrutiny of claims by the Medicare contractors, anesthesiologists and pain physicians should make sure that they and their billers understand the POS codes and are using them properly. This OIG report is the latest in a long list of OIG reports on the issue. Appendix A of this most recent report lists four separate nationwide audits from June 2009 through September 2011 and 12 audits specific to certain providers or contractors from July 2003 through June 2013. In April 2013, CMS issued clarification of POS code assignment and policy. Take the time to review these resources available on the CMS website. Links to them are included in the list of resources at the end of this article.

A complete list of POS codes may be found on the CMS website. The May 2015 HHS-OIG report noted concerns between services provided in an office setting versus in an Ambulatory Surgical Center or a Hospital Outpatient Payment Department. Please make sure that your practice is especially familiar with these specific codes as excerpted from the CMS website:

Place of Service Code(s)	Place of Service Name	Place of Service Description
11	Office	Location, other than a hospital, skilled nursing facility (SNF), military treatment facility, community health center, State or local public health clinic, or intermediate care facility (ICF), where the health professional routinely provides health examinations, diagnosis, and treatment of illness or injury on an ambulatory basis.
22	Outpatient Hospital	A portion of a hospital which provides diagnostic, therapeutic (both surgical and nonsurgical), and rehabilitation services to sick or injured persons who do not require hospitalization or institutionalization.
24	Ambulatory Surgical Center	A freestanding facility, other than a physician's office, where surgical and diagnostic services are provided on an ambulatory basis.
Source: CMS		

Timely Topics

PAYMENT AND PRACTICE MANAGEMENT

In addition to continuing its efforts to educate physicians on proper POS codes, CMS has indicated it will look for ways to increase its efforts to identify claims with potentially miscoded place of service information and recover any overpayment. Take the time now to make sure that your claims will pass any pre or post-payment review.

Resources:

1. HHS OIG: Incorrect Place-of-Service Claims Resulted in Potential Medicare Overpayments Costing Millions - <https://oig.hhs.gov/oas/reports/region1/11300506.asp>
2. CMS Transmittal 2679 – <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R2679CP.pdf>
3. CMS MLN Matters Article 7631 - <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM7631.pdf>
4. CMS Information about Place of Service Codes - <http://www.cms.gov/Medicare/Coding/place-of-service-codes/index.html>