

## Timely Topics

### PAYMENT AND PRACTICE MANAGEMENT

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#### Advance Beneficiary Notice

by

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An Advance Beneficiary Notice (ABN) is a feature of the Medicare program in which a patient may be made liable if Medicare does not pay the claim. In the absence of an ABN, when a Medicare claim is denied the provider of the service is liable and the beneficiary may not be billed. The ABN process has a number of specified requirements which if not fulfilled will render the ABN invalid.

The typical use for an ABN is when a patient undergoes a procedure for which Medicare may not allow payment. For example, a patient presents with palpitations and an EKG is performed. The EKG would be covered by Medicare as 'reasonable and necessary' to evaluate the palpitations. However, an EKG that is performed as part of routine preoperative testing without any other specific indication is considered by Medicare to be 'screening'. As a general rule, Medicare does not cover screening procedures. Having a patient sign an ABN prior to the preop EKG would then allow the provider to bill the patient if Medicare does not pay the claim. When the patient signs an ABN, the claim should be submitted with a GA modifier, which indicates the presence of an ABN.

For the typical anesthesiologist who performs surgical anesthesia in an operating room setting, circumstances that may warrant use of an ABN include surgical procedures for which local or national Medicare policy specifically exclude provision of anesthesia services. Examples of potentially excluded anesthesia services include gastrointestinal endoscopy and simple pain management injections. For the pain management practitioner, an ABN may be used for procedures that do not meet published Medicare coverage criteria.

The ABN form has defined fields that must be present and must be completed in entirety and in accordance with numerous rules. The Medicare web site has an ABN template and instructions that are available for download. The ABN may be individualized for a provider's typical usage but the basic elements must be present.

The ABN requires that the nature of the service be stated along with the reason for why it may be denied. A potentially acceptable entry for denial reason is: "Medicare does not pay for anesthesia services for your procedure." There is also a field for estimated cost. The cost entry should be a 'good faith' estimate of charges. It is recommended that the cost entry reflect the exact amount of liability to the patient

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but the published rules do allow for a “good faith” estimate. Further details on how to enter estimated charges are found in the ABN instructions.

The ABN form presents the patient with three “Options” of which Option 1 is the most frequently appropriate to use. This indicates that the patient accepts liability. Options 2 and 3 are infrequently necessary and will not be covered in this review. It is important that the box for Option 1 contain a handwritten checkmark. If the box is pre-checked before being reviewed by the patient or is left blank then the ABN will be considered invalid. The signature and date fields are self-explanatory and also must be properly completed.

There are a number of other requirements that must be followed to avoid an invalid ABN. The patient’s social security number must not be used anywhere on the form. The “Identification Number” field is optional but entering the SSN will invalidate the ABN. All entries must be legible and the amount charged to the patient must not exceed the Estimated Cost, or a good faith estimate as explained above.

The date on the form must be on or before the date of service. An ABN that is signed after the date of service is invalid. For repeated services, a valid ABN is good for one year. The Medicare web site has versions in English and Spanish and these are the only acceptable forms. If the patient speaks another language then the use of a translator should be noted in the field labeled ‘Additional Information’ and either the English or Spanish form should be signed.

Medicare rules prohibit the issuing of an ABN on a routine basis. It should only be used when there is a reasonable expectation that Medicare may not cover the service. An ABN may not be used to recover additional funds from the patient when Medicare pays the full allowed amount. An ABN only applies to payment from traditional fee-for-service Medicare, not to other Medicare products or bundled payment arrangements.

As noted above, in order for your ABN to be valid, you must completely and precisely follow instructions from the Centers for Medicare and Medicaid Services (CMS). For more information from CMS on Advance Beneficiary Notices, please click [here](#)

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