DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

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- "Centers for Medicare & Medicaid Services (CMS) Electronic Mailing Lists: Keeping Health Care Professionals Informed" Fact Sheet, ICN 006785, Downloadable only.

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Place of Service Coding for Physician Services in an Outpatient Setting

Provider Types Affected

This MLN Matters® Special Edition is intended for physicians submitting claims to Medicare contractors (carriers and A/B Medicare Administrative Contractors (MACs)) for services to Medicare beneficiaries.

What You Need to Know

Recovery Auditors have identified that some physicians were incorrectly reporting place of service as office (11) when the services were provided in an outpatient hospital (22) setting, resulting in incorrect reimbursement.

In addition, outpatient hospital claims were identified reporting the same surgical Common Procedural Terminology (CPT) codes for the same patient and same date of service as professional claims with a reported place of service (11) office.

All surgical CPT codes (10000-60000) were included in the analysis. The greatest number of improper payments for CPT codes related to the Integumentary System (10000 series).

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You and your billing staffs should be familiar with place of service codes used to specify the place of service (outpatient hospital setting (22) or office setting (11)) where services were rendered. Reporting the incorrect place of service code can affect reimbursement, resulting in an over/underpayment.

Background

To account for the increased expense that physicians incur by performing services in their offices, Medicare Part B reimburses physicians at a higher rate for surgical procedures performed in their offices.

However, when physicians perform these services in facility settings such as an outpatient facility, Medicare reimburses the overhead expenses to the facility and the physician receives a lower reimbursement rate.

An improper payment exists when physicians bill these services with an incorrect place of service based on the setting in which the services were rendered.

Billing Examples

Example 1: An 84 year old female has an outpatient hospital claim paid for services provided on 3/7/2008. Reported on the outpatient hospital claim is CPT code 62311- Injection, single (not via indwelling catheter), not including neurolytic substances, with or without contrast of diagnostic or therapeutic substance(s), epidural or subarachnoid; lumbar, sacral.

A professional claim is identified for the same patient, same date of service, and same surgical CPT code 62311 with place of service office (11).

The correct place of service for this date of service is Outpatient Hospital (22).

The professional claim for CPT code 62311 is adjusted to pay at the facility rate by applying the correct place of service code 22. The allowed amount the provider for CPT code 62311 for the facility rate is $73.01. The new provider paid amount is $58.41. This results in a total recovery amount of $89.76.

Example 2: An 88 year old female has an outpatient hospital claim paid for services provided on 3/12/2008. Reported on the outpatient hospital claim is CPT code 11100 - Biopsy of Skin; single lesion.

A professional claim is identified for the same patient, same date of service, and same surgical CPT code 11100 with place of service office (11).

The correct place of service for this date of service is Outpatient Hospital (22).

The professional claim for CPT code 11100 is adjusted to pay at the facility rate by applying the correct place of service code 22. The allowed amount for CPT code 11100 for the facility rate is $41.86. The new provider paid amount is $33.49. This results in a total recovery amount of $33.14.

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Additional Information

The "Medicare Claims Processing Manual," Chapter 12, Section 20.4.2 - Site of Service Payment Differential, which is available at http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c12.pdf on the Centers for Medicare & Medicaid Services (CMS) website, provides further guidance on this matter.

The Office of the Inspector General has performed audits related to Place-of-Service Errors. For example, their report entitled "Review of Place-of-Service Coding for Physician Services Processed by Medicare Part B Carriers During Calendar Years 2005 and 2006; 06-17-2009" is available at http://oig.hhs.gov/oas/reports/region1/10800528.asp on the Internet.

If you have any questions, please contact your Medicare contractor at their toll-free number, which may be found at http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html on the CMS website.

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