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OIG Alert About Charging Extra for Covered Services

Note: This article was updated on April 9, 2013, to reflect current Web addresses. All other information remains unchanged.

Provider Types Affected

Physicians, suppliers, and providers

Provider Action Needed

Participating physicians, suppliers, and providers who consider charging Medicare patients additional fees should be mindful that they are subject to civil money penalties if they request any payment for already covered services from Medicare patients other than the applicable deductible and coinsurance.

Background

On March 31, 2004, the Office of the Inspector General (OIG) issued an Alert that focused on physicians who charged extra for services covered by Medicare and that these extra contractual charges beyond Medicare's deductible and coinsurance constituted a potential assignment violation.

In the Alert, the OIG reminded Medicare participating physicians of the potential liabilities posed by billing Medicare patients for services that are already covered by Medicare. Charging extra fees for already covered services abuses the trust of Medicare patients by making them pay again for services already paid for by Medicare.

Medicare participating providers can charge Medicare beneficiaries extra for items and services that are not covered by Medicare. In addition, participating providers may charge beneficiaries for any Medicare deductibles and coinsurance without violating the terms of their assignment agreements.

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However, when participating providers request added payment for covered services from Medicare patients, they are liable for substantial penalties and exclusion from Medicare and other Federal health care programs. The special services for added payment are known by various names and may include "concierge care," "boutique medicine," "retainer practice," or "platinum practice."

For example, the OIG recently alleged that a physician violated his assignment agreement when he offered his patients, including Medicare beneficiaries, a "Personal Health Care Medical Care Contract" that required payment of an annual \$600 fee. The physician characterized the services to be provided under the contract as "not covered" by Medicare, and the services offered under this contract included:

- Coordination of care with other providers;
- A comprehensive assessment and plan for optimum health; and
- Extra time spent on patient care.

The OIG alleged that based on the specific facts and circumstances of this case, at least some of these contracted services were already covered and reimbursable by Medicare. Therefore, OIG alleged that each contract presented to this physician's Medicare patients constituted a request for payment for already covered services, other than the coinsurance and deductible, and was therefore a violation of the physician's assignment agreement. In order to resolve these allegations, the physician agreed to pay a settlement amount to the OIG, and to stop offering these contracts to his patients.

Participating physicians, suppliers, and providers who consider charging Medicare patients additional fees are reminded that they are subject to civil money penalties if they request any payment for already covered services from Medicare patients other than the applicable deductible and coinsurance.

Note that a participating provider is a provider of Medicare covered items and services who agrees to accept the Medicare-approved charge for all covered services to Medicare patients. A participating provider "accepts assignment" for all Medicare-payable services.

Also note that non-participating providers may also be subject to penalties and exclusion for overcharging beneficiaries for covered services. This is true whether the provider accepts assignment for a given service or does not, in which case the provider's charge is limited to the "limiting charge."

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Related Instructions

The Physicians Information Resource for Medicare web site is extensive and includes information about Medicare Participation, Participating Physician Directory, Policies and Regulations including the CMS Quarterly Provider Update, Medicare Coverage Issues Manual, Medicare National Determination Manual, Physician Fee Schedule, Practicing Physician Advisory Council, Medicare Learning Network and much more. This web site can be found at <http://www.cms.gov/Center/Provider-Type/Physician-Center.html> on the CMS website.

Additional Information

The Office of the Inspector General (OIG) Alert, dated March 31, 2004 and titled "OIG Alerts Physicians About Added Charges for Covered Services," can be found at <http://oig.hhs.gov/fraud/docs/alertsandbulletins/2004/FA033104AssignViolationI.pdf> on the Internet.

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