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## Provider Compliance Tips for Ordering Hospital Outpatient Services

### Provider Types Affected:

- Physicians and other practitioners who write prescriptions for hospital outpatient services.

### Background

The Medicare Fee-for-Service (FFS) improper payment rate for hospital outpatient services was 4.9 percent, accounting for 5.8 percent of the overall Medicare FFS improper payment rate. According to the [Supplementary Appendices for the Medicare Fee-For-Service 2015 Improper Payments Report](#), the projected improper payment amount for outpatient services during the 2015 report period was \$2.5 billion.

### Reasons for Denials – Missing Orders / Invalid Signatures

The majority of improper payments for outpatient services were due to insufficient documentation errors. Many hospital outpatient claims with insufficient documentation lacked a physician's order or documentation supporting the physician's intent to order laboratory or other diagnostic tests.

### Example:

A provider billed for an infusion of a medication that is provided in the outpatient setting. The submitted documentation included a visit note that supported the medical necessity of the medication; however, the documentation was missing the physician's order and the administration record for the infusion. The Comprehensive Error Rate Testing program scored the claim an improper payment due to an "insufficient documentation error."

## To Prevent Denials

Based on the “Medicare Program Integrity Manual,” Chapter 3, the following documentation is required for hospital outpatient services to be covered under the Medicare health benefit:

- Documentation that supports medical necessity of the outpatient service (such as, physician’s office visit note, or progress note)
- A signed and dated physician’s order for the outpatient service
- Documentation showing that the service was rendered



### Physician/Non-Physician (NPP) Signature Requirements:

- Services that are provided or ordered must be authenticated by the ordering practitioner
- Signatures are handwritten, electronic, or stamped (stamped signatures are only permitted in the case of an author with a physical disability who can provide proof to a CMS contractor of an inability to sign due to a disability)
- If signatures are illegible, follow the instructions in [Complying with Medicare Signature Requirements](#)

## Resources

The following resources will help physicians and other practitioners avoid improper payments when ordering hospital outpatient services:

For More Information About...	Resource
The Supplementary Appendices for the Medicare Fee-For-Service 2015 Improper Payments Report	<a href="https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/CERT/CERT-Reports-Items/Downloads/AppendicesMedicareFee-for-Service2015ImproperPaymentsReport.pdf">https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/CERT/CERT-Reports-Items/Downloads/AppendicesMedicareFee-for-Service2015ImproperPaymentsReport.pdf</a>
Complying with Medicare Signature Requirements Fact Sheet	<a href="https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/Signature_Requirements_Fact_Sheet_ICN905364.pdf">https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/Signature_Requirements_Fact_Sheet_ICN905364.pdf</a>
“Medicare Program Integrity Manual,” Chapter 3	<a href="https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/pim83c03.pdf">https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/pim83c03.pdf</a>

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Supplementary Appendices for the Medicare Fee-For-Service 2015 Improper Payments Report	<a href="https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/CERT/CERT-Reports-Items/Downloads/AppendicesMedicareFee-for-Service2015ImproperPaymentsReport.pdf">https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/CERT/CERT-Reports-Items/Downloads/AppendicesMedicareFee-for-Service2015ImproperPaymentsReport.pdf</a>
Complying with Medicare Signature Requirements	<a href="https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/Signature_Requirements_Fact_Sheet_ICN905364.pdf">https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/Signature_Requirements_Fact_Sheet_ICN905364.pdf</a>



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