National
Rebundling Policy Manual
for Medicare

Introduction

On December 19, 1989, the Omnibus Budget Reconciliation Act of 1989 (P.L. 101-239) was enacted. Section 6102 of P.L. 101-239 amended Title XVIII of the Social Security Act (the Act) by adding a new section 1848, Payment for physicians' services. This section of the Act provided for replacing the previous reasonable charge mechanism of actual, customary, and prevailing charges with a resource-based relative value scale (RBRVS) fee schedule that began in 1992.

With the implementation of the Medicare Fee Schedule, it was increasingly important to assure that uniform payment policies and procedures were followed by all carriers so that when the same service is rendered in various carrier jurisdictions, it is paid for in the same way. In addition, accurate coding and reporting of services by physicians was a major concern to guarantee proper payment.

Most Medicare carriers have already included in their claims processing system various computerized edits to detect improper coding of procedures. Many of these edits are designed to detect "fragmentation," or separate coding of the component parts of a procedure, instead of reporting a single code which includes the entire procedure. Unfortunately there has not been consistency or uniformity among the carriers in correct coding edits due to:

- The direction of carrier efforts because of individual carrier discretion and established priorities.

- Identification of the component parts of a comprehensive procedure because of data availability and analysis expertise.

Purpose

The purpose of the National Rebundling Council's contract is to develop, for Health Care Financing Administration's Bureau of Program Operations (BPO), correct coding methodologies, to control inappropriate coding that leads to inappropriate increased reimbursement in Part B claims. In an effort to promote correct coding nationwide and assist physicians in correctly coding their services for reimbursement the policies developed are based on coding conventions defined in American Medical Association's CPT-4 manual, national and local policies and edits, coding guidelines developed by national societies, analysis of standard medical and surgical practice and analysis of current coding practice.

Rebundling

There are two types of unbundling; the first is unintentional which results from a misunderstanding of coding, and the second is intentional, when this technique is used by providers to manipulate coding in order to maximize reimbursement. Unbundling is essentially the billing of multiple procedure codes for a group of procedures that are covered by a single comprehensive code.

Rebundling correctly codes a group of procedures into the appropriate comprehensive code. Examples of unbundling are described below.

- Fragmenting one service into component parts and coding each component part as if it were a separate service. For example the correct CPT-4 comprehensive code to use for upper gastrointestinal endoscopy with biopsy of stomach is CPT-4 code 43239. Separating the service into two component parts, using CPT-4 code 43235 for upper gastrointestinal endoscopy and CPT-4 code 43600 for biopsy of stomach is inappropriate.

- Reporting separate codes for related services when one comprehensive code includes all related services. An example of this type would be coding the total abdominal hysterectomy with or without removal of tubes, with or without removal of ovary (CPT-4 code 58150) and salpingectomy (CPT-4 code 58700) and oophorectomy (CPT-4 code 58940) rather than using the comprehensive CPT-4 code 58150 for all three related services.

- Breaking out bilateral procedures when one code is appropriate. In this example, a bilateral mammography would be coded correctly using CPT-4 code 76091 rather than submitting CPT-4 code 76090-RT for right mammography and CPT-4 76090-LT for left mammography incorrectly.

- Downcoding a service in order to use an additional code when one higher level, more comprehensive code is appropriate. A laboratory should bill CPT-4 code 80016, (automated multi-channel test; 13-16 clinical chemistry tests) when coding for 12 clinical chemistry tests, a total cholesterol, a serum, blood creatinine, and a uric acid because CPT-4 code 80016 includes all of these services. It would be inappropriate to bill CPT-4 codes 80012, 82465, 82565, and 84550.

- Separating a surgical approach from a major surgical service. Providers should not bill CPT-4 code 49000 for exploratory laparotomy and CPT-4 code 44150 for total abdominal colectomy for the same operation because the exploration of the surgical field is included in the CPT-4 code 44150.

Policy Manual Conditions & Format

The National Rebundling Policy Manual has been developed with the following conditions applied:

- All policies and edits were formulated with the scenario of the same physician billing all of the CPT-4 codes involved.

- The services are for the same beneficiary and provided on the same day.

The Rebundling Policy and Edits are primarily based on evaluation of procedures referenced in the 1994 CPT Manual; however, 1994 CPT-4 codes that were deleted in 1995 were removed from any mention in the manual. Any other implication of codes that were revised or added in 1995 were considered only if there was a significant impact on the policy or edit. These 1995 changes will be addressed thoroughly in the expansion years.

Final recommendations for National Rebundling Policy and Edits are found in the first volume of the manual. this volume consists of a Table of Contents, 12 chapters and an index. As shown in the Table of Contents, each chapter is a separate section of the CPT-4 manual with the exception of Chapter I which is a chapter of general rebundling policies relating to all sections of the CPT-4 Manual and Chapter XII which addresses HCPCS Level II codes.

Each chapter is divided into subjects to allow easier access to a particular code or group of codes. At the end of each chapter narrative (Chapters III-XII) is a Rebundling Table of edits that are pertinent to that chapter. The edits in this volume represent the most cost effective edits to implement based on high dollar/high volume analysis of the 1992 HCFA data sample. Edits currently in place for rebundling on a national scale are also included in this volume and are identified with an asterisk. The page numbering system is unique to each

chapter. The first number represents the chapter, the next character is a letter (A or B); A represents the narrative portion of the chapter; B represents the edit portion of the chapter. The remaining digits are the individual page numbers.

Volumes II-IV of the manual contain Rebundling Edits and Mutually Exclusive code pairs divided by priority categories of "2," "3," and "4." The following is a description of each priority classification.

Priority 2: These represent recommendations for implementation but fall into the category of low dollar or low volume based on the comparison with the 1992 HCFA data sample.

Priority 3: These reflect areas where fraudulent or abusive activity can be detected.

These edits and code pairs would be attributable to fraudulent or abusive practices of a limited number of providers rather than billing practices of the majority.

Priority 4: These are edits and mutually exclusive code pairs that were considered in the development of the National Rebundling Policy, but have since been deleted from consideration based on 1) code(s) was deleted in 1995; 2) codes represented inappropriate edits; 3) comments provided valid rationale to delete combinations; and 4) code combination was covered by established HCFA policy.

A different page numbering system was used in Volumes II-IV.

PR2 = Priority 2 Rebundling edit
PR3 = Priority 3 Rebundling edit
PR4 = Priority 4 Rebundling edit

ME2 = Mutually Exclusive Priority 2
ME3 = Mutually Exclusive Priority 3
ME4 = Mutually Exclusive Priority 4

On the rebundling edits the section of codes is represented by a single digit after the period. PR2.0 represents the "0" section (anesthesia) by comprehensive code. This relates to chapters by section in Volume I. The individual page numbers are preceded by a hyphen.