

## Dermatology Coding Alert

### Advance Beneficiary Notices: Adding 'G' Modifiers on Your Medicare Claims? Expect Extra Scrutiny

**The OIG report puts GA, GZ, GY, and GX in the hot seat.**

When your practice is billing Medicare, but you know Medicare is going to deny the claim, you know you should make use of an advance beneficiary notice (ABN) and add a "G" modifier to the claim. The problem is, misuse of the G modifiers has led to incorrect payments so now CMS is cracking down.

#### OIG Report Raises Concerns

On May 3, the OIG sent CMS its report entitled Medicare Payments for Part B Claims With G Modifiers, which revealed that MACs often do not "specifically check claims for which providers expect not to be paid," leading to inappropriate Part B payments to practices for services that should have been denied.

In 2011 alone, Medicare paid almost \$744 million for Part B claims that included the following G modifiers that indicate services that providers expected to be denied:

- GA modifier—Service or item not considered reasonable and necessary; ABN is on file: You can only use this modifier if the beneficiary signed an ABN indicating that he or she accepts liability for the cost of the item or service if Medicare ends up not paying for it.
- GZ modifier—Service or item is not considered reasonable and necessary; ABN is not on file: You'll use this modifier if you expect Medicare to deny the claim and you don't have an ABN on file.
- GY modifier—Service or item is statutorily excluded or does not meet the definition of any Medicare benefit; ABN is not required: This modifier comes into play if an item or service is never covered by Medicare (such as hearing aids). No ABN is necessary with this modifier, but you can file a claim and append modifier GY "when a beneficiary needs Medicare to deny the claim so that it can be submitted to the beneficiary's secondary insurance," the OIG says in its report.
- GX modifier—Service or item is statutorily excluded and the provider or supplier voluntarily notified the beneficiary of an ABN: This is the newest of the 'G' modifiers, joining the others in April 2010. You'll use modifier GX if a service or item is statutorily excluded but you did give the patient an ABN to sign.

#### Your MAC May Be Part of the Problem

Your MACs should follow standardized procedures in handling G modifier claims, but the OIG found that not all of them do. For example, as of July 1, 2011, Part B contractors were required by CMS to automatically deny claims with the GZ modifier on them, but one MAC did not automatically deny these claims, despite the CMS requirement.

In 2011, Medicare paid \$14.2 million for claims with GZ modifiers on them, which accounted for 26 percent of all such claims. However, even before July 1, it would have been expected that most MACs would have denied these claims. Therefore, practices appear to have collected \$14.2 million more than they should have for GZ modifier claims.

CMS's rule on modifier GY is not as clear-cut. Ever since January 2002, MACs have been able to use discretion on whether they automatically deny modifier GY claims, even though most are not payable. However, contractors paid \$1 million for modifier GY claims in 2011, with two MACs telling the OIG that they don't automatically deny these claims, one of which said that these claims are simply "flagged for review."

As for modifier GX, Medicare paid \$1.3 million for these claims in 2011, the majority of which were for imaging services, followed by lab tests and chiropractic services. MACs also paid \$4.1 million for Part B claims that included a combination

of G modifiers. "With the exception of a GX modifier paired with a GY modifier, all other combinations of G modifiers on the same claim are inappropriate," the OIG said.

However, many contractors appended both GA and GY modifiers to the same claim, to the tune of \$3.9 million. Keep in mind that this is inappropriate. You may think that you are covering your practice by adding an extra modifier, but if you inadvertently collect for claims that shouldn't have been payable because you hedged your bets and added an extra "G" modifier, you may have to pay that money back to your MAC.

In its report, the OIG asked MACs to keep a closer eye on processing these claims, which means that the scrutiny will most likely trickle down, so be sure and append these G modifiers appropriately.

To read the complete OIG report, visit <http://go.usa.gov/Tv29>.