

Dermatology Coding Alert

Reader Question: How Should You Bill Medicare?

Question: We are participating with Medicare. We bill and submit claims to Trailblazer (J4 MAC). When payment arrives, we post the allowable and contractually adjust off the remaining portion and/or apply the appropriate amount to the patient deductible per the CMS remit. However, my predecessor was billing only the Medicare allowable for each code? Am I doing it right? Or was she?

New Mexico Subscriber

Answer: Both methods are technically correct. Practices bill Medicare in two different ways:

1. Some practices bill Medicare at the Medicare fee schedule. That sounds like how your predecessor was doing things, by billing the Medicare allowable. When you bill this way, you just have to bill the patient the copay and deductible if it applies.
2. The other way to bill Medicare when you participate is to bill the MAC at the full fee schedule for the practice. Then, you have to do what you explain in your question. First, write down what you billed compared to the Medicare allowed fee. Then, balance bill the patient the copay and deductible if it applies.

Which is best? That is up to your practice to determine. However, some experts recommend going with option two. "When the Medicare fee schedule is billed out, practices usually lose out on income because they miss changes in the Medicare fee schedule mid-year, they do not change the fees to full fee when a service is denied as not medically necessary and the practice has an ABN, or if they do change the fee, the patient gets upset because their Medicare EOB that says the doctor can bill them has the Medicare fee on it, not the full fee on it," says **Barbara J. Cobuzzi, MBA, CPC, CENTC, CPCH, CPCP, CPC-I, CHCC**, president of CRN Healthcare Solutions, a consulting firm in Tinton Falls, N.J. "It is just a better idea to have all fees billed out at the one practice full fee schedule. This causes the problem with an inflated A/R and larger write off values due to fee schedule adjustments, but those disadvantages are worth the benefits, in my opinion."