

Dermatology Coding Alert

READER QUESTIONS: Expect More Pay for Office Codes

Question: What is the difference between facility and nonfacility relative value units (RVUs)?

Kansas Subscriber

Answer: CMS assigns codes facility and nonfacility RVUs. To find out how much Medicare pays nationally for a code, you multiply the code's RVUs by the year's conversion factor (37.8975 for 2005).

Medicare will reimburse you based on nonfacility RVUs when the dermatologist performs the procedure in an office or in a clinic. If he provides the procedure in a hospital or in a nursing facility, CMS would pay you at the facility rate.

Nonfacility RVUs usually pay at a higher rate than facility RVUs because they include office expenses, such as rent and equipment. When a dermatologist performs the procedure in a hospital, the facility is responsible for those fees.

Comparison: For instance, Medicare assigns 11311 (Shaving of epidermal or dermal lesion, single lesion, face, ears, eyelids, nose, lips, mucous membrane; lesion diameter 0.6 to 1.0 cm) 2.34 nonfacility RVUs and 1.60 facility RVUs.

If the dermatologist shaves the lesion in the office, you would report 11311 and receive payment for 2.34 RVUs (\$88.68). But if he performs the procedure in the hospital, CMS would reimburse 11311 at 1.60 RVUs (\$60.64).

Quick tip: If the National Physician Fee Schedule Relative Value File shows that a procedure has equal facility and nonfacility RVUs, assume you must perform the procedure in the hospital.

Late closure of a wound (13160, Secondary closure of surgical wound or dehiscence, extensive or complicated) contains 19.10 RVUs (\$723.84), regardless of location. The procedure rarely occurs outside a facility.

But complex repair of a 2-cm forehead wound (13131, Repair, complex, forehead, cheeks, chin, mouth, neck, axillae, genitalia, hands and/or feet; 1.1 cm to 2.5 cm) has 8.42 nonfacility RVUs (\$319.10) and 6.74 facility RVUs (\$255.43).

In this case, the dermatologist could perform the procedure in either location and Medicare would pay you accordingly.