

Part B Insider (Multispecialty) Coding Alert

ASC Additions Spell Financial Pain For Physicians

More Medicare Coverage Means Less Money In Some Cases

Now that the new list of ambulatory surgery center codes has taken effect as of July 1, some physicians with ties to ASCs are feeling a new kind of pain.

There are two reasons why you might be losing money due to the new list of codes covered for use in ASCs:

Private payor massacre. The fees for many procedures in ASCs are so low that it's hard to perform them and break even. This loses people money if they try to bill Medicare for these new procedures, but it also drives down reimbursement from private payors that will pay a percentage of Medicare rates as soon as the program covers a procedure in an ASC, complains **Kathy Bryant**, executive director of the **Federated Ambulatory Surgery Association** in Alexandria, VA.

Already, FASA's members are hearing from managed care plans that they'll cut their rates to reflect Medicare's new - and stingy - coverage, Bryant reports. One insurer dropped its rate on July 1 for arthroscopy rotator cuff repair (29827) from \$2504.88 to \$1469, according to FASA.

No more in-office pay rates. Before Medicare would cover these procedures in the ASC, physicians could perform them in an ASC but bill for them separately using the in-office rate. The office rate for these same procedures was often better than what Medicare would pay in the ASC, reflecting the added cost of supplies the physician must cover personally, Bryant explains.

For services that Medicare still doesn't cover in an ASC, a physician can perform them in an ASC but "pretend" he's doing them in his office, explains attorney **William Saraille** with **Arent Fox Kintner Plotkin & Kahn** in Washington. He cautions that an ASC that lets a physician perform non-covered services there may call into question whether it's really an ASC under Medicare's definition.

Also, notes Bryant, the rules for keeping a physician office and an ASC separate are Byzantine. The ASC wouldn't receive any separate reimbursement for these non-covered procedures, so it would have to rely on payment from the physician, which raises kickback concerns. But a physician who owns an ASC still may find it worthwhile.