

Part B Insider (Multispecialty) Coding Alert

Physician Note: Providers Are Appending Modifier KX Willy-Nilly, OIG Says

Plus: One health insurer learned a HIPAA lesson worth \$1.5 million.

Trying to ensure that your durable medical equipment (DME) claims sail through the system by slapping a modifier KX on all of them? Not so fast, the OIG says in a new report.

Background: Medicare requires you to append modifier KX on certain DME claims to indicate that the claim meets Medicare coverage criteria and the supplier has the required documentation on file (such as a physician's statement of necessity).

Audit findings: The OIG released a report on April 5 indicating that it sampled 400 claims with modifier KX on them, but only 163 actually had the required documentation on file. By stratifying those incorrectly-billed remaining 237 sample claims to the general Medicare population, the OIG estimates that CMS "paid approximately \$316.4 million in unallowable Medicare payments to suppliers."

Among the errors were missing physician orders (37 percent of the problematic claims), no proof of delivery of the DME (21 percent), missing use or compliant use follow-up statements (25 percent), and missing or incomplete physician statements (28 percent).

Look for increased scrutiny: As a result of the audit, the OIG has advised Medicare payers to institute additional safeguards for DME claims, such as prepay and postpay reviews.

To read the complete audit report, visit <http://oig.hhs.gov/oas/reports/region4/41004004.pdf>.