

Part B Insider (Multispecialty) Coding Alert

Providers: Drug Payments Aren't As Bad As Docs Expected... They're Worse

Physicians backed up against the wall by rock bottom rates

Now that providers have seen the complete pricing data for Medicare drugs, the picture has gotten even worse than they'd imagined, some physicians claim.

The physician fee schedule final rule included second quarter Average Sales Price data for almost all drugs, instead of the very limited data included in the proposed rule. Starting in January, Medicare will pay for drugs based on ASP plus 6 percent, using third quarter data that hasn't been released yet.

Providers complained in the Nov. 15 physician Open Door Forum that they can't obtain the drugs at anywhere near these ASP plus 6 percent amounts. One provider said once he saw the more complete ASP data in the final physician fee schedule, he felt the answers he'd given to the **Government Accountability Office** in its recent survey had been too optimistic. CMS officials insisted the GAO survey proved drugs are available at ASP levels, and offered to help physicians find cheaper sources of drugs.

Separately, CMS clarified that the new "G" codes for drug administration are considered "incident-to" a physician's services and thus won't be covered in a hospital outpatient setting. Hospitals should bill for drug administration under the outpatient prospective payment system.

Also, you can only bill one "initial administration" code per session, and then if you administer more than one drug you can bill multiple "sequential" codes and then codes for each additional hour that a drug goes past the first hour. CMS officials promised they'd explain over the coming year how doctors will be able to buy drugs from a supplier that wins a competitive bid in 2006.

The United States Court of Appeals for the Tenth Circuit on Nov. 5 upheld the conviction and sentencing of a Utah-based nurse practitioner accused of incorrectly billing Medicare "incident-to." Prosecutors said **Susanne Allen** told her clinic's billing department to bill for five claims for services that she claimed she provided incident to a physician's services.

In fact, the physician in question had not yet started work at the clinic. Physician **Alexander Del Castillo** was to begin work at the clinic in December 1999, but listed July 1999 as his start date at Allen's request.

Allen claimed she'd been confused, but the court ruled she had years of experience with Medicare billing, and the staff had told her she couldn't bill incident-to without a doctor on-site. Allen was sentenced to 12 months probation and ordered to pay \$2,675 in restitution.