Part B Insider (Multispecialty) Coding Alert

Recovery Audit Contractors: 5 RAC Findings That Could Be Troubling for Your Practice

New MLN Matters articles focus in on how you can correct these issues.

No practice enjoys hearing that recovery audit contractors (RACs) will be visiting their office to review files. RACs are well-known to go over claims with a fine-toothed comb to recover overpayments made to your practice. After recovering the cash, the RAC takes a cut of the money—which many practices feel incentivizes them to scrutinize their records even more thoroughly. But if you want to stay out of the RACs' field of vision, you'll need to brush up on these five areas that Medicare identified last week as being high-error topics by RACs.

RAC Issue 1: Place of Service Coding

The RACs recently revealed to CMS "that some physicians were incorrectly reporting place of service (POS) as office (11) when the services were provided in an outpatient hospital (22) setting, resulting in incorrect reimbursement," CMS says in MLN Matters article SE1313. "In addition, outpatient hospital claims were identified reporting the same surgical CPT® codes for the same patient and same date of service as professional claims with a reported POS 11." This issue was most commonly observed when the physician was performing a surgery related to the integumentary system (10000 series of CPT® codes), the article adds.

Because CMS reimburses more money for procedures performed in your office than those performed in hospitals, you're getting overpaid for services that you misidentify with POS 11, CMS adds.

Remember: Even if your physician performs 80 percent of his procedures in the hospital, it's possible that a dermatological procedure here or a fracture setting there will take place in the office, so you can never assume that you know the POS when you read a chart. Therefore, you should always be sure to confirm where a procedure was performed before you file the claim with the POS code.

To read the complete MLN Matters article on this topic, visit www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/SE1313.pdf.

RAC Issue 2: Duplicate Billing

RACs have noted many instances of duplicate billing, and CMS is now recouping funds for related overpayments. An example in MLN Matters article SE1314 states, "A provider received duplicate payments of $87.45 for CPT® 71020 (Chest x-ray). Both claims were for same patient, same provider, and same date of service, same charge, same CPT® code, and same units, without a modifier. The duplicate billing increased the subscriber's liability by $53.00."

Such issues could easily be fixed by using either modifier 76 or 77. For a primer on these modifiers, see the box, "How to Use Modifiers 76 and 77 to Your Advantage" in this issue.

To read the MLN Matters article on duplicate billing, visit www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/SE1314.pdf.

RAC Issue 3: E/M Codes With Pulmonary Diagnostic Services

The RACs are also zeroing in on practices that report E/M codes with pulmonary diagnostic procedures. "These overpayments occurred due to claims billed without modifier 25 on the same date of service as a pulmonary diagnostic, therapeutic, or monitoring procedure (94010-94799)," CMS states in MLN Matters article SE1315.

For instance, one practice reported 94010 (Breathing capacity test) and 99213 with no modifier for the same patient on the same date of service. If the E/M visit is related to code 94010, it is not billable, the article states. If, however, you perform an E/M service not related to the breathing capacity test, you can separately report the E/M code with modifier 25 appended, the article adds.

For a primer on modifier 25 and tips on how to differentiate it from other E/M modifiers, turn to page 187 and check out our clip-and-save article.

To read the MLN Matters article in its entirety, visit www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/SE1315.pdf.

RAC Issue 4: Misuse of Add-on Codes

As many Part B practices are aware, add-on codes must always be billed with another primary service, and are only payable if reported with that primary procedure when both are performed by the same practitioner on the same date of service. But RACs have revealed to CMS "that some providers are billing only add-on HCPCS/CPT® codes without their respective primary codes, resulting in overpayments," CMS notes in MLN Matters article SE1320.

For example, you can't report +26863 (Arthrodesis, interphalangeal joint, with or without internal fixation; with autograft [includes obtaining graft], each additional joint) without also reporting 26862 (Arthrodesis, interphalangeal joint, with or without internal fixation; with autograft [includes obtaining graft]).

If you report the add-on code without the primary code, Medicare considers it an overpayment and will expect you to repay the money you received for it. To read the complete article on this topic, visit www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/SE1320.pdf

RAC Issue 5: Inappropriate Co-Surgeon Billing

If your physician works as a co-surgeon with another doctor during the same procedure, both physicians can bill for their part of the procedure and each will collect 62.5 percent of the allotted fee. But that's only the case if they both append modifier 62 (Two surgeons). If one of the doctors forgets to append that modifier, he will be paid the full fee, and Medicare considers that an overpayment, which you'll have to reimburse.

A recent RAC audit uncovered several instances in which practices failed to append the modifier and were asked to repay their overpayments. For instance, a provider billed for 49652 (Laparoscopy, surgical repair, ventral, umbilical, spigelian, or epigastric hernia) and appended modifier 62, but his co-surgeon reported 49652 without the modifier. The second surgeon was overpaid for his service and had to return the money. To read the complete MLN Matters article about co-surgery misuse, visit www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/SE1322.pdf.