

Part B Insider (Multispecialty) Coding Alert

Reimbursement: E/M Services Factor Heavily in Improper Payment Numbers

Mistakes are still in the billions, but the error rate is declining.

If E/M services are the bread-and-butter of your Part B pay, you may want to double-check your claims for errors in 2019. Comprehensive Error Rate Testing (CERT) data suggest that E/M coding figures prominently in the 2018 improper payment rate - and the feds are targeting these services.

Backstory: CMS released its "2018 Medicare Fee-for-Service Supplemental Improper Payment Data" as part of its CERT program. The CERT report breaks down the biggest Medicare claims errors while covering the causes of the improperly paid charges. The annual overview spotlights improper payment rates for Medicare Parts' A with hospital inpatient prospective payment system (IPPS) and without hospital IPPS, Part B, and Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS).

Timeline: Though the feds' fiscal year (FY) runs from Oct. 1 to Sept. 30, the "FY 2018 Medicare FFS improper payment rate included claims submitted during the 12-month period from July 1, 2016 through June 30, 2017" due to "practical constraints," reminds the agency.

Why This Should Matter to You

This improper payment rate calculation is important because it measures the Medicare Administrative Contractors' (MACs) performance and gives CMS insight into what caused the claim submission errors, according to a CMS fact sheet about Medicare claim review programs.

Remember, too, that "the improper payment rate is not a 'fraud rate,' but is a measurement of payments that did not meet Medicare requirements," CMS says on its website. "The CERT program cannot label a claim fraudulent."

Contemplate the CERT Specifics

Overall, the improper payment rate dropped from 9.51 percent in 2017 to 8.12 percent for Medicare claims during FY 2018. However, data showed that improper payments were still astronomical at \$31.6 billion for 2018 despite the decrease, notes the CERT report.

"We are proud to announce that the Medicare Fee-for-Service (FFS) improper payment rate is at its lowest since 2010 and the decreased improper payment rate from 2017 to 2018 represents a \$4.59 billion decrease in estimated improper payments," said CMS Administrator **Seema Verma** in a CMS blog post. "Even more significant for CMS, is that for the first time in improper payment reporting history, we have achieved improper payment rate reductions across the board in Medicare, Medicaid, and the Children's Health Insurance Program (CHIP)."

Part B stats: Part B is projected to add \$10.5 billion in improper payments to the overall statistics, while its error percentage is at 32.5 percent, shows Table B1.

E/M coding: Though incorrect coding is only one category that CMS factors into its overall error rate, the CERT report spotlights the major impact E/M services have on improper payments. The overall impact of all E/M service types on the error rate was 11.9 percent with more than \$3.8 billion being improperly paid out to providers for the prominent CPT® codes, according to Table K1 of the CERT report.

Here's a breakdown of the top three E/M codes causing the biggest problems in the CERT data from Table K1:

1. 99223 (Initial hospital care, per day, for the evaluation and management of a patient, which requires these 3 key components: A comprehensive history; A comprehensive examination; and Medical decision making of high complexity...) ranks first on the CERT report's E/M worries. With an improper payment rate of 27.2 percent, this confusing CPT® code accounted for 1.4 percent of the overall error rate and more than \$456 million in improper payments.

2. 99214 (Office or other outpatient visit for the evaluation and management of an established patient, which requires at least 2 of these 3 key components: A detailed history; A detailed examination; Medical decision making of moderate complexity ...) took the second spot with an error rate of 4.8 percent and an overall impact of 1.2 percent. This popular E/M office visit code was improperly paid to the tune of \$389 million.

3. 99233 (Subsequent hospital care, per day, for the evaluation and management of a patient ...), which was the number one E/M issue in 2017, was bumped down to third for 2018, and contributed to 1.1 percent of the overall error rate with an individual code error rate of 19.1 percent. Issues with 99233 contributed to \$365 million in improper payments.

Heads up: It's also important to note that 99223, 99214, and 99233, in addition to others in their code groups, are already in various stages of active prepayment review for the MACs that publish their Targeted Probe and Educate (TPE) topics. And according to CMS guidance, providers should expect more scrutiny of these codes and claims down the line.

The agency plans to increase its "provider outreach and education" with an uptick of "Targeted Probe and Educate initiative[s] to reach individual providers with educational interventions and we're also enhancing these efforts to allow for flexible and consistent user training," Verma said on the improper payment issues.

Puerto Rico Has the Highest Error Rate

Puerto Rico had the highest improper payment rate at 16.2 percent, according to Table B8. Kentucky followed closely at 14.0 percent, and Georgia finished third with the rate of 13.4 percent. Ohio came in fourth place with a 13.0 percent error rate while Texas ranked fifth at 12.7 percent.

See the FY 2018 CERT report at

www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/CERT/Downloads/2018MedicareFFSSupplementalImproperPaymentData.pdf.