

## Modifier Coding Alert

### News You Can Use: Help Compile Data on PBDs by Using Modifier PO

#### **CMS pays more when physicians perform services in a provider-based department.**

The increase in hospital-purchased physician offices, known as provider-based departments (PBDs), impacts CMS's payments for outpatient services. To see the extent of the impact, CMS is asking you to help gather data with a new modifier: PO (Services, procedures and/or surgeries provided at off-campus provider-based outpatient departments).

Continue reading to see how the new modifier may impact your coding.

#### **Get to Know Why CMS Needs You to Attach PO**

CMS announced the creation of a new modifier PO in the Federal Register on Nov. 10, 2014 and stated that, "Additional instruction and provider education will be forthcoming in subregulatory guidance."

In the meantime, CMS has asked hospitals for their help. CMS says, "Data collection will be voluntary for hospitals in 2015 and required beginning on Jan. 1, 2016." The data they are collecting is the frequency, type, and payment of the services physicians from hospital-owned practices perform in the hospital. This modifier is informational only and therefore does not change reimbursement.

Creation of modifier PO is the result of the recent increase of hospitals acquiring physician offices and them becoming a hospital department. In order to gather data on how many services are occurring in these provider-based departments (PBDs), CMS wants you to attach modifier PO to the service or procedure. You will use modifier PO on professional claims for outpatient hospital services physicians perform in an off-campus PBD.

"I think they have created this modifier due to hospitals purchasing private practices and reporting those services and procedures in the physician's office, but reporting the place of service 22 (Outpatient hospital) for outpatient hospital," says Lynn M. Anderanin, CPC, CPC-I, COSC, ICD10, sr. director of coding compliance and education for Healthcare Information Services in Park Ridge, Ill.

#### **Don't Overlook the Financial Impact**

Because CMS pays more for outpatient services in a hospital than they do for services in a clinic or a physician's office, they are collecting data to see how this trend toward an increase of PBDs impacts their bottom line.

"There is a payment differential between services performed in the physician's office with a place of service 11 [Office], and any service performed at a facility such as a hospital or ambulatory surgical center," Anderanin adds.

**Watch for:** CMS will be creating two new place of service (POS) codes to replace POS 22 to use with hospital claims. The first will identify outpatient services in on-campus, remote, or satellite locations of a hospital. The second will identify services in PBDs. These new POS codes will more accurately pin down where CMS payments are going.

#### **Read the Public Concerns**

If you still have questions, you aren't alone. Here are a few of the public questions CMS received during the comment period of the 2014 Medicare Physician Fee Schedule (MPFS) proposed rule and final rule for nonrecurring policy changes discussing collection of data on services furnished in PBDs:

**Question 1:** When do we report the modifier for services provided both on- and off-campus on the same day?

**Answer:** The location where the provider furnishes the service is what decides whether you use the new modifier, CMS answered.

**Example:** If a practitioner in a PBD requests a diagnostic test that takes place on the main hospital campus, the hospital will not attach modifier PO to the diagnostic test.

**Question 2:** Will the addition of this new modifier be an administrative burden on providers?

**Answer:** CMS does not believe the modifier will be an excessive inconvenience to providers. They do agree that a POS code will gather comparable data so CMS will require a new POS code in 2016 with professional claims.

**Resource:** Refer to the Federal Register dated Nov.10, 2014 at [www.gpo.gov/fdsys/pkg/FR-2014-11-10/pdf/2014-26146.pdf](http://www.gpo.gov/fdsys/pkg/FR-2014-11-10/pdf/2014-26146.pdf) for more information.