

Anti-Markup Rule Basics

Summary/Background

1. What is it?

- CMS is prohibiting “mark-ups” on billing for the Technical Component (TC) or Professional Component (PC) of diagnostic tests that are ordered by the billing physician or other supplier if the TC/PC is either:
 1. Purchased outright, ***or***;
 2. The TC/PC is performed at a site ***other than*** the office* of the billing physician or supplier.

[*The "office" of the billing physician or supplier is defined as ". . . *space in which the physician organization provides substantially the full range of patient care services that the physician organization provides generally.*"]

2. How does it Work?

- If the TC and/or PC of a diagnostic test is subject to the Anti-Markup Rule, then CMS will limit payment for these services to the LOWEST of:
 1. The performing physician's or other supplier's net charge** to the billing entity;
 2. The billing entity's actual charge; or
 3. The fee schedule amount for the service that would be allowed if the physician or other supplier performing the services billed directly.

[** CMS also provides that the "net charge" of the performing physician or other supplier to the billing entity cannot be "inflated" to cover the cost of equipment or space (overhead) leased by the performing physician or other supplier.]