Reimbursement Issues for NPs and PAs

Carolyn Buppert , NP, JD
Law Office of Carolyn Buppert
7972 Old Georgetown Rd. Suite 5-B
Bethesda, MD 20814
www.buppert.com
cbuppert@buppert.com

Objectives

- Analyze how practices make profits
- Describe the tasks the clinician must perform in order for the practice to be reimbursed
- Identify common causes of denial of payments in cardiology practice

Why be concerned with the financial underpinnings of practice?

- No service or business can continue unless income exceeds expenses
- Many clinicians' salaries are dependent upon the revenue the clinician generates
- Many practices value clinicians based on their revenue-generating ability

Profit

- Income – Expenses = Profit

Income may come from

- Fee-for-service billings
- Capitated payments
- Contractual payments
- Grants

Example Medicare fee-for-service rates for an office visit

Established patient, evaluation & management visit

Visit	Rate
– Office visit, level 1	$21.73
– Office visit, level 2	$42.27
– Office visit, level 3	$68.80
– Office visit, level 4	$103.37
– Office visit, level 5	$139.12

Projected NP/PA productivity

Assumptions:

- 100 visits/week, 47 weeks per year
- 2350 @ 99213, 50 @ 99215, 1150 @ 99212 and 99214

Billings, yearly: $336,134.50 (if billing incident-to)

If collections rate is 90%, collections = $302,521.05

Expenses include

- NP's salary
- NP's benefits
- Rent
- Telephone, beeper
- Assistant's salaries
- Continuing education
- Memberships, etc.

Expense rule of thumb

- Expenses of a clinician will approximate the clinician's salary
- If salary is $100,000, assume expenses are approximately $100,000

What profit is expected?

- Rule of thumb: Approximately the NP’s salary, at minimum
- It is immaterial whether the practice is a “non-profit” or a “for-profit” operation

Projected profits in this scenario

Collections attributable to clinician
302,521.05 (if billing incident-to)

Expenses attributable to clinician
$100,000

Profit attributable to clinician
$100,000

Generating income for the practice

As a NP or PA

- You may provide physician services or nursing services
- Physician services are
  - medical diagnosis, therapy, surgery, consultation and care plan oversight
- Nursing services are
  - assessment, monitoring, nursing diagnoses and therapies and the carrying out of physician orders

Physician services and nursing services are reimbursed under separate systems

- Nursing services are reimbursed through payments to facilities
  - Hospitals and nursing facilities get a set rate for each diagnosis or day of care
  - Nursing services are included in that set rate
- Physician services are billed and reimbursed separately

As a NP or PA

- You have legal authority to bill Medicare for physician services within your scope
- The authority comes from Federal law
- Your authority to bill Medicaid comes from Federal and State law
- Your authority to bill private insurers may or may not be covered by State law

As a NP or PA

- Your legal authority to practice comes from state law
- That legal authority is called "scope of practice"
- Some state laws are more explicit than others in describing NP and PA scope of practice

To perform and bill for physician services

- A NP or PA needs a scope of practice which bestows the authority to
  - perform comprehensive evaluations
  - diagnose
  - decide upon a course of treatment
  - order and perform treatments
  - prescribe

CPT requirements, 99203, new patient, office visit

- Expanded problem focused history
- Expanded problem focused examination
- Medical decision-making of low complexity
  - Medical decision-making means reviewing data and choosing among a number of diagnoses or management options

Performing procedures?

- If so, be sure they are within your scope of practice under state law

Examples of state scopes of practice

- For an NP in NH
- For an NP in Michigan

Scope of practice for NPs in NH

- The ARNP shall have the ability to
  - Elicit, record physical, mental health status...
  - Perform physical examination
  - Assess findings of history, ROS, PE and diagnostic tests and formulate a diagnosis prior to implementing a treatment regimen...
  - Implement and manage treatment regimens and administer, prescribe.... Rules, 304.05

Scope of practice for an NP in Michigan

- None

So, the first hurdle in the road to reimbursement is

- Having a scope of practice under state law which authorizes the clinician to perform services which would be physician services, if performed by a physician

Next, a clinician needs to know

- How the practice gets paid for the clinician’s work
- If FFS, how to code procedures to get the highest appropriate reimbursement
- How to efficiently manage capitated patients, if a practice has capitated patients
- How to steer clear of fraud

Strategies for increasing profit

- Increase revenues
  - See more patients (in a fee-for-service practice)
  - Enroll more members (in a capitated practice)
  - Renegotiate fee schedules
  - Increase collections
  - Bill the highest level CPT code justified
  - Bill (within the rules) everything you do
  - Bill incident to
- Decrease expenses
  - Assistants, space, etc.

What a clinician needs to do

- If payment is fee-for-service
  - See many patients
  - Bill everything that the rules let you bill
  - Code to get the highest appropriate fee
  - Document to support the code billed
- If payment is capitated
  - Have many patients enrolled on the clinician's provider panel

See many patients

11 pts/day with reimbursement of $42 per visit

$108, 570

20 pts/day with reimbursement of $42 per visit

$197,400

Bill higher level CPT codes

CPT 99213 - Medicare pays 80% of 85%* of $68.60= $46.64

Patient pays 20% ($11.66)

Total collection is $58.30

CPT 99214 - Medicare pays of 80% of 85% of $103.37 = $70.29

Patient pays $17.57

Total collection = $87.86

*Assuming visit billed under NP or PA provider #

Increase the average charge

NP/PA work	Avg. charge	Profit
20 visits	$39	$63,300
20 visits	$45	$91,500
20 visits	$70	$209,000

Bill all work

CPT 99214 (evaluation/mgt.)	$68.80
CPT 93000 (ECG)	$24.23
Total collection for the visit	$93.03

Charge for all services provided

- Evaluation & management visit
- Punch biopsy
- Ear irrigation
- Venipuncture
- Each lab test done in office
- ECG

Pay attention to overhead

- Number of assistants
- Memberships
- Malpractice insurance premiums
- Subscriptions, books
- Travel, CE tuition
- Light days
- Vacation

Lobby for increased rates of reimbursement

- Physicians want increased reimbursement
- NPs and PAs want that, too

Billing nuts and bolts: General principles

- One charge per service (No double billing)
- Services must be
  - medically necessary
  - described on the bill by a procedure code and a diagnosis code
    - Procedure code usually CPT code; i.e. *Current Procedural Terminology*
    - Diagnosis code means ICD-9 code (*International Classification of Diseases, 9th revision*)

More general principles

- Charges must be backed up by documentation
- Documentation = the progress note

Types of payers

- Medicare
  - Federal program for elderly, disabled
- Medicaid
  - State program for children, mothers
- Commercial managed care companies
  - Example: Aetna
- Commercial indemnity insurers
  - Example: Blue Cross

Medicare's rules are the most specific

- Medicare rules are made by the Center for Medicare and Medicaid Services (CMS

Medicaid and other insurers may or may not follow Medicare rules

- Medicaid is
  - funded Federally, but is administered by the states
  - may or may not follow Medicare rules; generally the rules are different.

Commercial insurers

- May or may not adopt Medicare rules
- May make own rules
- Are subject to state laws but these laws vary from state to state
- Some are credentialing NPs and PAs, others are not
  - Each year, this is becoming less of a problem

Why follow the rules?

- To avoid denied payments
- To amass all payments you qualify for
- To avoid a poor showing on an audit
- To avoid charge of health care fraud

General rules for billing Medicare

- Medicare does not pay for
  - routine annual exams, except the Welcome-to-Medicare exam
  - routine screening tests, with some exceptions
- Must submit a diagnosis code and a procedure code
- Must bill services under the provider number of the clinician performing the service, with few exceptions

Some general rules on billing Medicare for NP/PA services

- An NP or PA must apply for a Medicare provider number
- An NP/PA must have a collaborative relationship with a physician
- NP and PA services are reimbursed at 85% of physician fee schedule rates
- NP or PA's work is billed under the NP's or PA’s provider number, unless billing "incident - to"

Legal definition of "incident to"

- "Incident-to" services are defined as those which are "an integral, although incidental, part of the physician's personal professional services in the course of diagnosis or treatment of an injury or illness."

Incident-to billing

- In general, services must be billed under the provider number of the clinician rendering the service
- However, under "incident-to" billing, a Medicare provider (a physician, NP or PA), under certain circumstances, bills, under his or her own number, services provided by another individual working in the same practice

What about payers other than Medicare?

- Incident-to rules are Medicare's rules
- Other payers may allow NP/PA procedures to be billed under a physician's name without following these rules
  - Ask the payer what about the payer's policy

The purpose of "incident to" billing

- Incident-to billing was allowed so that a physician could bill for services provided by an assistant in the office

Some MDs bill all NP and PA services "incident to”

- This is legal, if rules are followed

The rules for a physician billing "incident to" are

- Services of non-physicians must be rendered under a physician's "direct personal supervision“
  - MD in the suite and readily available
- Non-physicians must be employees or independent contractors of a physician or physician group

The rules, continued

- Services must be furnished "during a course of treatment where a physician performs an initial service and subsequent services of a frequency which reflect the physician’s active participation in and management of a course of treatment“
- Consultations may not be billed incident-to

The rules

- The physician must conduct the initial visit
  - Initial visit refers to initial visit for episode of illness
- The physician must be in the suite of offices, though not in the same room, when the non-physician performs the service
- The physician must remain involved in the care of the patient
- There must be an employment or contractual relationship between the physician and non-physician

If billing services incident to an NP's or PA's service

- The NP/PA must conduct the initial visit
- The NP/PA must be in the suite of offices, though not in the same room, when the non-physician performs the service
- The NP/PA must remain involved in the care of the patient
- There must be an employment or contractual relationship between the NP/PA and non-physician

Why would an MD want to bill all NP services under the MD's provider number?

- It enables the practice to get 100% of the physician's fee schedule, rather than 85%
- It is legal, if the physician follows the rules

Note these additional rules

- There is no "incident to" billing in a hospital
- It is permissible to bill "incident to" for a home visit, but both the MD and NP/PA must be present in the home
- It is permissible to bill "incident to" in a nursing home, but only if care provided in an office space, and physician and NP/PA are both present with patient

When billing NP/PA services under an MD provider

Enter the name and NPI of the MD who performed the initial service in 17 and 17b of CMS claim form

If another MD is supervising today, enter his/her NPI in 24j

A visit conducted by a PA may be billed incident-to if

a) The PA is working alone at a satellite office

b) The physician under whose name the visit is billed is in the building

c) The PA is credentialed by Medicare

d) The physician under whose name the visit is billed is in the office suite

Billing “shared visits”

- NPs/PAs and MDs may "share" visits to
  - inpatients
  - ER patients
  - outpatients
- May bill under MD's number if the MD provides any face-to-face service that day
- MD and NP or PA must be in the same group practice

Can a practice bill both ways?

- A practice can bill
  - some services under a physician's number, when "incident-to" or “shared visit” rules are followed
  - some services under the nurse practitioner's number; i.e. when the physician is out, or the patient is a new patient, or the patient has a new problem

Under certain circumstances, a self-employed physician may bill for a visit conducted by a hospital-employed NP

a) True

b) False

Observation services

- Only the attending bills the initial hospital care (99218-99220)
- NP/PA may bill medically necessary visits to patients in observation, using outpatient visit codes (99211-99215) or consultation codes (99241-99245)

Consultations

- NPs/PAs may perform and bill consultations, if the rules are followed
  - Request, in writing, from a MD, NP, or PA for a consultation
  - Requestor's name and NPI is provided on the claim form, box 17 and 17b
  - NP/PA is qualified to fill the request
  - NP/PA provides a report to the requestor
- Consultations may go away as of 2010

If a patient comes in requesting a consultation, the provider may

a) Bill a consultation or an evaluation/management visit, depending on how much time was spent
b) Bill a consultation or an evaluation/management visit, depending upon whether it is a second opinion
c) Bill only a consultation
d) Bill only an evaluation/management visit

The top 10 must-do's for billing NP services

1. Provider number/credentialing
2. Ascertain patient is covered
3. Ascertain service is covered
4. Document a physician service, consistent with CPT code requirements
5. Select an appropriate CPT code

The top 10 must-do's for billing NP services

6. Select an appropriate ICD-9 code
7. Follow the payer's rules for billing services under an MD's number, if that what the practice is doing
8. Read the contract (or Medicaid or Medicare's rules)

The top 10 must-do's for billing NP services

9. If dealing with commercial insurers, negotiate a decent fee schedule
10. Bill all services rendered and medically necessary

Know these things

- Billing and coding is frustrating for all
- The current system is unlikely to go away
- NPs are evaluated by how much revenue they bring in
- Medicare audits. So does Blue Cross.
- It pays to learn to bill and code effectively and appropriately

Common causes for denial of payments in cardiology practices

- Inadequate documentation of medical necessity
- Documentation of history does not support the level of visit claimed (Focus on Level 5 visits)
- Use of outdated CPT or ICD codes
- Failure to include referring physician's NPI
- Failure to get pre-authorization

Red flags that wake up the watchdogs

- Documentation signed by an NP but
- MD's name/provider # are not in Items 17 and 17b of the claim form

Red flags that wake up the watchdogs

- So many visits/procedures are billed under an MD’s name/provider number that it would be humanly impossible to have done all that

Things to do

- If billing Medicare, get on the list-serve for provider updates at www.cms.gov
- Take a class put on by the Medicare Carrier in your area
- Read the practice's contracts with commercial payers, and their policy statements

Self-assessment

- Do I know how much revenue I generate?
- Does my employer know how much revenue I generate?
- How does my revenue compare with my expenses?
- Do I generate a profit? How much?
- Am an expert on the coding rules? Does my documentation support my claims?

Resources

- *Current Procedural Terminology*, American Medical Association
- www.hhs.cms.gov
- CMS Monthly “Open Door” meetings
- American College of Cardiology, *Cardiovascular Coding 2009*.
- Buppert, C. (2008) *The Nurse Practitioner' s Business Practice and Legal Guide* , Jones & Bartlett, Sudbury, MA , www.jbpub.com

Educational module on NP billing/coding

- Buppert, C. *(2009) Safe, smart billing and coding: Evaluation and management,* an educational program on CD, Law Office of Carolyn Buppert, www.buppert.com.
- Buppert, C. *(2006) Billing NP services in specialist's offices, hospitals, nursing facilities, homes and hospice*. Law Office of Carolyn Huppert, www.buppert.com.