CMS Manual System

Pub 100-04 Medicare Claims Processing

Transmittal 954

Department of Health & Human Services (DHHS)

Centers for Medicare & Medicaid Services (CMS)

Date: MAY 19, 2006

Change Request 5025

SUBJECT: Payment for Evaluation and Management Services Provided During Global Period of Surgery

I. SUMMARY OF CHANGES: This revision clarifies the existing payment policy on the correct use and documentation of CPT modifier -25 to identify a significant, separately identifiable evaluation and management (E/M) service. This modifier shall be used when the E/M service is above and beyond the usual pre- and postoperative work of a procedure with a global fee period performed on the same day as the E/M service.

NEW/REVISED MATERIAL

EFFECTIVE DATE: June 1, 2006

IMPLEMENTATION DATE: August 20, 2006

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R = REVISED, N = NEW, D = DELETED – *Only One Per Row.*

R/N/D	Chapter / Section / SubSection / Title
R	12/30/30.6.6/Payment for Evaluation and Management Services Provided During Global Period of Surgery

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operating budgets.

IV. ATTACHMENTS:

Business Requirements

Manual Instruction

**Unless otherwise specified, the effective date is the date of service.*

Attachment - Business Requirements

Pub. 100-04	Transmittal: 954	Date: May 19, 2006	Change Request 5025

SUBJECT: Payment for Evaluation and Management Services Provided During Global Period of Surgery

I. GENERAL INFORMATION

A. Background: This Change Request revises the Medicare Claims Processing Manual, Pub.100-04, Chapter 12, §30.6.6. This revision is in response to a recommendation by the Office of the Inspector General's study on the use of CPT modifier -25. The study found that monies were improperly paid for claims submitted with CPT modifier – 25. The majority of the errors were the result of the physician's failure to provide adequate supporting documentation.

B. Policy: This transmittal clarifies existing payment policy on the correct use and documentation of CPT modifier -25 in §30.6.6(B) to identify a significant, separately identifiable evaluation and management (E/M) service. This modifier shall be used when the E/M service is above and beyond the usual pre- and post-operative work of a procedure with a global fee period performed on the same day as the E/M service.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement
"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
5025.1	Carriers shall instruct physicians and qualified nonphysician practitioners (NPP) to use CPT modifier -25 to designate a significant, separately identifiable E/M service provided by the same physician or same qualified NPP to the same patient on the same day as another procedure or other service with a global fee period.			X						

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
50251.1	Carriers shall instruct physicians and qualified NPPs that the E/M service shall be above and beyond the usual pre- and postoperative work of the global fee period procedure.			X						
5025.1.2	Carriers shall not pay for an E/M service reported with a procedure having a global fee period without CPT modifier-25 appended to the E/M service to designate it as a significant, and separately identifiable E/M service from the procedure.			X						
5025.1.2.1	Carriers shall deny claims with the following messages: **Claim Adjustment Reason Code:** **97** – Payment is included in the allowance for another service/procedure. **Remittance Advice Remark Code:** **M144** – Pre-/post-operative care payment is included in the allowance for the surgery/procedure. **Medicare Summary Notice:** **23.1** – The cost of care before and after the surgery or procedure is included in the approved amount for that service. **For unassigned claims use add-on message 16.34 -** You should not be billed for this service. You are only responsible for any deductible and coinsurance amounts listed in the 'you may be billed' column; or **For assigned claims use add-on message 16.35 -** You do not have to pay this amount.			X						

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
5025.2	Carriers shall instruct physicians and qualified NPPs that different diagnoses are not required for reporting the E/M service on the same date as the procedure or other service with a global fee period.			X						
5025.3	Carriers shall instruct physicians and qualified NPPs that both the medically necessary E/M service and the procedure must be appropriately and sufficiently documented by the physician or qualified nonphysician practitioner in the patient's medical record to support claims for payment of the E/M service and the procedure with the global fee period.			X						
5025.3.1	Carriers shall instruct physicians and qualified NPPs that the appropriate supporting documentation is not required to be submitted with the claim but shall be available if requested by the carrier.			X						
5025.4	Carriers need not search their files to either retract payment for claims already paid or to retroactively pay claims. However, contractors shall adjust claims brought to their attention.			X						

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
5025.5	A provider education article related to this instruction will be available at www.cms.hhs.gov/MLNMattersArticles shortly after the CR is released. You will receive notification of the article release via the			X						

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
	established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.									

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: NA

X-Ref Requirement #	Instructions

B. Design Considerations: NA

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: NA

D. Contractor Financial Reporting /Workload Impact: NA

E. Dependencies: NA

F. Testing Considerations: NA

V. SCHEDULE, CONTACTS, AND FUNDING

Effective Date*: June 1, 2006 **Implementation Date:** August 20, 2006 **Pre-Implementation Contact(s):** Kit Scally (payment policy) (Cathleen.Scally@cms.hhs.gov), Kathy Kersell (Claims Processing) (Kathleen.Kersell@cms.hhs.gov) **Post-Implementation Contact(s):** Appropriate Regional Office Staff	**No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.**

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30.6.6 - Payment for Evaluation and Management Services Provided During Global Period of Surgery

(Rev.954, Issued: 05-19-06, Effective: 06-01-06, Implementation: 08-20-06)

A. CPT Modifier "-24" - Unrelated Evaluation and Management Service by Same Physician During Postoperative Period

Carriers pay for an evaluation and management service other than inpatient hospital care before discharge from the hospital following surgery (CPT codes 99221-99238) if it was provided during the postoperative period of a surgical procedure, furnished by the same physician who performed the procedure, billed with CPT modifier "-24," and accompanied by documentation that supports that the service is not related to the postoperative care of the procedure. They do not pay for inpatient hospital care that is furnished during the hospital stay in which the surgery occurred unless the doctor is also treating another medical condition that is unrelated to the surgery. All care provided during the inpatient stay in which the surgery occurred is compensated through the global surgical payment.

B. CPT Modifier "-25" - Significant Evaluation and Management Service by Same Physician on Date of Global Procedure

Medicare requires that Current Procedural Terminology (CPT) modifier -25 should only be used on claims for evaluation and management (E/M) services, and only when these services are provided by the same physician (or same qualified nonphysician practitioner) to the same patient on the same day as another procedure or other service. Carriers pay for an *E/M* service provided on the day of a procedure with a global fee period if the physician indicates that the service is for a significant, separately identifiable *E/M* service that is above and beyond the *usual* pre- and post-operative work of the procedure. *Different diagnoses are not required for reporting the E/M service on the same date as the procedure or other service. Modifier -25 is added to the E/M code on the claim.*

Both the medically necessary E/M service and the procedure must be appropriately and sufficiently documented by the physician or qualified nonphysician practitioner in the patient's medical record to support the claim for these services, even though the documentation is not required to be submitted with the claim.

If the physician bills the service with the CPT modifier "-25," carriers pay for the service in addition to the global fee without any other requirement for documentation unless one of the following conditions is met:

- When inpatient dialysis services are billed (CPT codes 90935, 90945, 90947, and 93937), the physician must document that the service was unrelated to the dialysis and could not be performed during the dialysis procedure;
- When preoperative critical care codes are being billed on the date of the procedure, the diagnosis must support that the service is unrelated to the performance of the procedure; or

- When a carrier has conducted a specific medical review process and determined, after reviewing the data, that an individual or a group has high use of modifier "-25" compared to other physicians, has done a case-by-case review of the records to verify that the use of modifier was inappropriate, and has educated the individual or group, the carrier may impose prepayment screens or documentation requirements for that provider or group. When a carrier has completed a review and determined that a high usage rate of modifier "-57," the carrier must complete a case-by-case review of the records. Based upon this review, the carrier will educate providers regarding the appropriate use of modifier "-57." If high usage rates continue, the carrier may impose prepayment screens or documentation requirements for that provider or group.

Carriers may not permit the use of CPT modifier "-25" to generate payment for multiple evaluation and management services on the same day by the same physician, notwithstanding the CPT definition of the modifier.

C. CPT Modifier "-57" - Decision for Surgery Made Within Global Surgical Period

Carriers pay for an evaluation and management service on the day of or on the day before a procedure with a 90-day global surgical period if the physician uses CPT modifier "-57" to indicate that the service resulted in the decision to perform the procedure. Carriers may no pay for an evaluation and management service billed with the CPT modifier "-57" if it was provided on the day of or the day before a procedure with a 0 or 10-day global surgical period.