



Florida Orthopaedic Society Medical Economics Committee Monthly Practice Management Tip



March 2004

MEDICARE'S CONSOLIDATED BILLING RULES CONTINUE TO PLAGUE PRACTICES

In the Balanced Budget Act of 1997, Congress mandated that payment for the majority of services provided to beneficiaries in a Medicare covered Skilled Nursing Facility (SNF) stay be included in a bundled prospective payment made through the fiscal intermediary (FI) to the SNF. These bundled services had to be billed by the SNF to the FI in a consolidated bill. No longer would entities that provided these services to beneficiaries in a SNF stay be able to bill separately for those services. Medicare beneficiaries can either be in a Part A covered SNF stay which includes medical services as well as room and board, or they can be in a Part B non-covered SNF stay in which the Part A benefits are exhausted, but certain medical services are still covered though room and board is not.

In basic terms, Medicare pays the SNF for a wide array of services for a patient in a covered Part A stay. If the patient needs outside services rendered for example by a physician's office, the SNF is supposed to contract directly with that physician's office for the technical components of the care rendered. Therefore, when your practice accepts a SNF patient, you are supposed to bill the SNF for any technical components (most commonly x-rays).

The only services you can bill Medicare for is the physician's professional services and customized prosthetic devices. Because this rule has been in effect since 1997 and clouded in confusion, Medicare commonly requests reimbursement from practices that erroneously billed Medicare for the technical component of x-rays. Unlike private carriers, Medicare is not bound by a time limit that they can request compensation for overpayments.

This Consolidated Billing rule has presented several problems for orthopaedic practices. First, it is common that the transport service, referral source, or even the patient, is unsure if they are covered by a Part A SNF stay. So the practice does not know where to send the bill. The FOS has requested that First Coast Service Options create an eligibility verification system that will allow Part B providers' access to the Part A system to verify the proper place to send the bill. Unfortunately, First Coast has informed us that request is impossible to meet. The only recourse you have is to ensure that you have agreements with the SNFs, Ambulance Services, Hospitals, and referring physicians, that they will inform you of the status of the patient before they arrive at your door. The key will be developing an office procedure that works to identify the patient's status in advance of treatment.

Secondly, some practices have reported problems in the apparent knowledge on behalf of the SNFs of their obligations under these billing rules. Often it is impossible to speak with someone at the SNF that is educated on the Consolidated Billing Rules and is willing to negotiate compensation for your technical services. Probably the only positive function of this billing rule is that you are not limited by the Medicare allowable for the technical component of the x-ray. You have the ability to negotiate compensation with the SNF. The FOS is working on this issue also. First, attached to this fax is a sample "**Initiation of Treatment Form**" that we suggest you consider using when you know in advance that a SNF is sending a patient to your office. The form outlines their understanding of their obligations. In addition to this form, we are working with the Florida Medical Association and the SNF's statewide professional organization to educate all of our members of our mutual obligations under the billing rules.

The final issue involved with the rule is Medicare's process of asking for refunds from previous reimbursements paid to physicians. Some practices are receiving requests for reimbursement as far back as 2 years. In addition, Medicare asks for the entire amount of the bill to be refunded, technical and professional, and then the physician has to refile the professional component to be compensated. The FOS is working with the FMA on a request to First Coast Service Options to discontinue this practice. We feel that they should only request the technical component be refunded. We will remain vigilant on this request also. One request we have is if you do have to refile a claim for your professional component after Medicare has requested a refund, we need to know if they deny your claim for not being timely filed. Although we have not heard of this happening, we are concerned about this potential.

Please let me know if you have any questions concerning this information. Until the Consolidated Billing Rules are changed in Washington, DC, we will have to work together to try to alleviate the confusion.

Sample Notice of Initiation of Treatment - Skilled Nursing Facility Patient

VIA FACSIMILE

And U.S. Mail

Date: _____

RE: Patient: _____

Skilled Nursing Facility: _____

SNF Representative: _____

Dear Skilled Nursing Facility Representative:

It is our understanding that the above referenced patient is currently a resident in your facility under a Medicare Part A covered stay. The patient and/or your facility initiated the services of our practice.

“Medicare’s consolidated billing requirement confers on the SNF the billing responsibility for the entire package of care that residents receive during a covered Part A SNF stay and physical, occupational, and speech therapy services received during a noncovered stay. As a result, the outside provider of the service must look to the SNF, rather than to the beneficiary or the Medicare carrier, for payment. Most covered services billed by the SNF, including those furnished under arrangement with an outside provider, for a resident of a SNF in a covered Part A stay are included in the SNF's bill to the Fiscal Intermediary.”

In adherence to the consolidated billing rules, your facility will be responsible to pay for the technical component of services rendered by our practice. Before initiation of treatment, it is a policy of our practice to secure recognition from the Skilled Nursing Facility of the consolidated billing rules and your obligations. Before treatment can commence, please return the completed form below to our practice.

Sincerely,

John Doe

Florida Orthopaedic Specialists

By signature below as an authorized representative of the Skilled Nursing Facility named above, I hereby understand the obligations and duties as set forth by Medicare’s consolidated billing rules and authorize the initiation of treatment on the above named patient.

Signature

Print Name

Billing Address

Phone Number