

## Billing for Provider-based Rural Health Clinics

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Michigan Critical Access Hospital Conference

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## Overview of Today's Session

### Agenda

- Rural Health Clinic Services
  - Physicians, Mid-Level Practitioners, Incident to Services, and Visiting
  - Nurses
- Non-RHC Services
- Non-Covered Services
- Payment for Services
- Filing a Claim
- Review of Billing Policies
- Sample RHC Billing Questions

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## RHC Services

### How Are Rural Health Clinics Paid?

Rural health clinics are paid a flat rate for each *face-to-face encounter* based on the anticipated average cost for direct and supporting services (including allocated costs), with a reconciliation of costs (i.e., cost report) occurring at the end of the fiscal year.



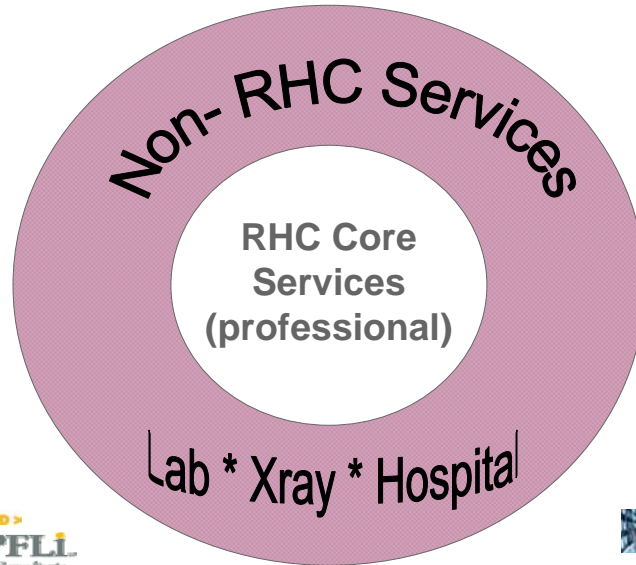
## RHC Services

There are 2 types of RHCs;  
billing and payment are slightly different:

1. Independent RHCs bill RHC services to one of five regional fiscal intermediaries (transitioning to MAC).
2. Provider-based RHCs bill RHC services to the FI/MAC of the host provider (usually a hospital).



RHC Services



RHC Services

RHC Billing Differences

Service	Independent	Provider-Based
RHC Services (face-to-face encounter in RHC site of service)	Billed to Independent RHC Regional Fiscal Intermediary – RHC provider number on UB-04 form	Billed to Host Provider Fiscal Intermediary – RHC provider number on UB-04 form



## RHC Services

### RHC Billing Differences

Service	Independent	Provider-Based
Laboratory (including the draw procedure, e.g., CPT code 36415)	Billed to Part B carrier – existing group number on 1500 form	Billed on hospital O/P claim type (14x, 13x, or 85x) on UB04
Other Diagnostic/Radiology – Professional Component	May be billed with encounter. If read by non-RHC provider, they will bill the carrier.	May be billed with encounter. If read by hospital radiologist, bill the carrier.
Other Diagnostic/Radiology – Technical Component	Billed to Part B carrier – existing group number on 1500 form	Billed on hospital O/P claim type (13x or 85x) on UB04
Non-RHC Professional Services (I/P, ER, other O/P services)	Billed to Part B carrier – existing group number on 1500 form	Billed to carrier using existing group number (or if elect Method II as CAH, bill FI for O/P pro fees)



## RHC Services

- Physician's services
- Services and supplies incident to physician's services
- Services of NP, PA
  - Including certified nurse midwives
- Services and supplies incident to NP/PA
- Visiting nurse services to the homebound
- Clinical psychologist and clinical social worker services
- Services and supplies incident to clinical psychologist and clinical social workers
- Physician services for beneficiaries in Part A stay in SNF (including hospital swing bed) separately billable effective 1/1/05



## RHC: Physician Services

- Physician services = professional services performed by a physician for a patient
  - Diagnosis, therapy, surgery, consultation, and interpretation of tests (EKG, x-rays)
- Services performed at the clinic are payable only to the RHC
  - Include RHC or patient's place of residence or implied place of residence (SNF, NF, or swing bed)
- Payment made under all-inclusive rate
- Bill the carrier for physician services furnished to beneficiaries in POS other than RHC



## RHC: Physician Services

- Consultations are covered in RHC if provided by a second physician (or consultant) at the request of the attending physician
  - Must include H&P exam, request for consult, written report furnished to attending physician to include in patient's record
- Concurrent care is covered if:
  - Medical necessity requires multiple physicians to play an active role in the patient's treatment—if the patient has more than one medical condition requiring a specialist



## RHC: Incident to Services

Services and supplies are furnished incident to physician's services

- Furnished as an incidental, integral part of professional services.
- Commonly rendered either without charge or included in the RHC bill.
- Cannot bill carrier or intermediary, separately! Costs are included in the cost report as part of the all-inclusive encounter rate.



## RHC: Incident to Services

- Commonly furnished in a physician's office
- Furnished by a clinic employee (staff)
- Includes services of clinic staff
  - e.g., nurse, therapist, technician, or other aide
    - Example: Medicare covered drug administration – see PM A-01-49 CR1600 4/5/01
- Supplies such as bandages and tongue depressors are included in the office visit as packaged services



## RHC: NP, PA, and CNM

Payment allowed for services furnished by non-physician practitioners in all areas and settings permitted under state licensure laws

- Payable if no other facility or provider charges
- No separate payment made for ordering or referring services
- NP, PA, and CNM services provided in RHC follow same guidelines as outlined for physician services above
- Payment made under all-inclusive rate



## Physician Supervision

Non-physician directed clinics

- Must have arrangement with a physician who provides supervision and guidance of PA and NPs
- Must be consistent with state laws
- Must have one on-site supervisory visit every two weeks



## Physician Supervision

### Physician-directed clinics

- Must meet general supervision of PA and NPs by one (or more) of the clinic center's staff physicians



## RHC: Visiting Nurse Services

- Covered if service area considered a shortage of HH agencies
- Services rendered to homebound patients
- Patient furnished part-time/intermittent nursing care by RN, LPN, or licensed vocational nurse
- Needs to be an employee of RHC
- Services furnished under written POT
  - Reviewed once every 62 days by supervising physician of RHC



## Non-RHC Services

- DME
- Ambulance services
- Diagnostic tests such as X-ray and EKGs
- Lab test – *although must be able to perform 6 required tests in RHC*
- Screening mammography services
- Prosthetic devices
- Services provided to hospital patients (except those in a swing bed)



## Services Not Covered

Services never paid by Medicare include:

- General exclusions from Medicare
  - e.g., dental, cosmetic surgery, routine services
- Not reasonable and necessary for:
  - Diagnosis
  - Treatment of illness or injury
  - Improved functionality of malformed limb
- Experimental services



## Payment Calculations

- Payment for covered RHC services by Physician, PA, NP, CNM, CP, CSW, and visiting nurse are under an all-inclusive rate for each visit
- Each provider's interim rate is based on the all-inclusive rate per visit
- Established by your Medicare intermediary
  - Determined by dividing your total allowable cost by the number of total visits for RHC services
  - Rate may be adjusted during reporting period
- The upper payment limit for RHC for 1/1/09 – 12/31/09 is \$76.84 per visit (~1.6 percent increase for '09)
  - However, no upper payment limit for RHCs that are provider-based to a hospital with less than 50 beds.



## Charges to Beneficiaries

### Part B Deductible-

- The Part B \$135.00 annual deductible applies to services covered under the RHC benefit for 2009 (no change from 2008)

### Part B Coinsurance-

- If the item or service is covered under the RHC benefit, the beneficiary is responsible for 20% of the customary charge
- If the service is not covered under the RHC benefit and is covered under Part B, the beneficiary is responsible for 20% of Medicare-approved charge (MFS)



## Payment Calculations

### RHC Payment Example #1:

- The customary charge for 99213 is \$90.00.
- The Medicare encounter rate is \$128.00. Limited to \$76 for independent RHC. No limit for provider-based RHC – available beds < 50.
- Deductibles have been met already.



## Payment Calculations

### RHC Payment Example (Independent RHC):

Description	Amount	Comment
Customary Charge	\$ 90.00	UB-04, Revenue Code 521
Patient Co-Pay	18.00	Based on 20% of customary charge.
Medicare Pays	60.80	Based on 80% of \$76.00 encounter rate.
Total Payment	\$ 78.80	Received more than encounter rate due to co-insurance.
Contractual Adjustment	\$11.20	Contractual adjustment booked resulted due to charge being > payment.



## Payment Calculations

### RHC Payment Example (Provider-based RHC):

Description	Amount	Comment
Customary Charge	\$ 90.00	UB-04, Revenue Code 521
Patient Co-Pay	18.00	Based on 20% of customary charge.
Medicare Pays	102.40	Based on 80% of \$128.00 encounter rate.
Total Payment	\$120.40	The full \$128 rate was not received because charge < \$128 encounter rate.
Contractual Adjustment	- \$ 30.40	Total payment exceeds charges; creates negative adjustment.



## Payment Calculations

### Standard Part B Payment Example (not RHC):

Description	Amount	Comment
Customary Charge	\$ 90.00	CMS 1500 form to Part B carrier.
Patient Co-Pay	11.80	Based on 20% of Medicare approved amount of \$59.00.
Medicare Pays	47.20	Based on 80% of \$59.00 approved amount.
Total Payment	\$ 59.00	Total payment is the Medicare approved amount.
Contractual Adjustment	\$ 31.00	Total payment is less than charges.



## Payment Calculations

### Comparison Between RHCs and Part B Payment Example:

Description	RHC Amount (independent)	RHC Amount (Provider-based)	Part B Amount
Customary Charge	\$ 90.00	\$ 90.00	\$ 90.00
Patient Co-Pay	18.00	18.00	11.80
Medicare Pays	60.80	102.40	47.20
Total Payment	\$ 78.80	\$ 120.40	\$ 59.00
Contractual Adjustment	\$ 11.20	-\$ 30.40	\$ 31.00



## Filing a Claim

- UB-04 (CMS Form 1450)
- Bill type 71x
- Revenue centers allowable 52x and 900  
(maximum unit of 1 per day)
- No HCPCS required
- Bill all non-RHC ancillary services SEPARATELY!
  - Independent – To Part B carrier using existing group number
  - Provider-based – Through the hospital provider number on 13x, 85x, or 14x type of bill (A-00-36 7/28/00)
- Separate RHC billing number (for each RHC)
- Only RHC services on RHC billing number
- Non-RHC professional services billed to Part B carrier utilizing existing group number



## Filing a Claim

Effective 7/1/06, providers will have six revenue codes to use:

**Table 1. RHC/FQHC Revenue Codes Effective July 1, 2006**

Revenue Code	Definition
0521	Clinic visit by member to RHC/FQHC
0522	Home visit by RHC/FQHC practitioner
0524	Visit by RHC/FQHC practitioner to a member, in a covered Part A stay at the SNF
0525	Visit by RHC/FQHC practitioner to a member in an SNF (not in a covered Part A stay) or NF or ICF MR or other residential facility
0527	RHC/FQHC Visiting Nurse Service(s) to a member's home when in a home health shortage area
0528	Visit by RHC/FQHC practitioner to other non-RHC/FQHC site (e.g., scene of accident)



## Filing a Claim

Lab performed in the RHC setting:

*Effective January 1, 2001, Independent RHCs bill all lab tests to Carrier. . .  
 Provider-based RHCs bill all lab tests to the FI under host provider's bill  
 type. In either case, payment is made under the fee schedule.*

Per Medicare Claims Processing Manual – Chapter 9-RHCs/FQHCs



## Filing a Claim

Required lab services that must be available as an RHC:

- Chemical examinations of urine (CPT 81002)
- Hemoglobin (CPT 83026)
- Blood sugar (CPT 82962)
- Examination of stool specimens (82270)
- Pregnancy tests (81025)
- Primary culturing for transmittal to a certified laboratory

*Clinic must have the ability to perform these basic [CLIA waived] tests; however, they are billed as non-RHC services.*



## Filing a Claim

Lab performed in the RHC setting (RHC is part of a Critical Access Hospital (CAH))

CAH designation allows cost reimbursement for outpatient laboratory services that are performed on-site at the CAH. Non-patient (reference) laboratory services would remain under the existing “fee schedule” reimbursement methodology.

As noted in the August 1, 2003, *Federal Register*, the criteria for payment on a reasonableness cost basis for clinical diagnostic laboratory services performed by a CAH is as follows:

- Payment on a reasonable cost basis will be made only if the individuals for whom the tests are performed are outpatients of the CAH at the time specimens are collected and are *physically present in the CAH* at the time the specimens are collected.
- Clinical diagnostic lab tests for individuals who do not meet these criteria will be made only on a fee schedule basis.
- *Effective with dates of service October 1, 2003 – June 30, 2009.*



## Filing a Claim

### Lab performed by a Critical Access Hospital (CAH) . . .

*Medicare Improvements for Patients and Providers Act of 2008* allows cost-based reimbursement for all laboratory services provided by any provider-type (i.e., SNF, RHC or other physician clinic) that is operated by the CAH regardless of where the lab specimen is collected – i.e., *the patient does not have to be physically present in the CAH at the time the specimens are collected.*

Goes into effect for services dates on or after, July 1, 2009.



## Filing a Claim

### Billing Lab Services performed in an RHC

- Independent RHC
  - Bill all laboratory services (including the 6 basic required tests) to Part B carrier on CMS 1500
  - Including the lab draw procedure (CPT code 36415)
- Provider-based RHC operated by a CAH or PPS hospital
  - Bill all laboratory services (including the 6 basic required tests for RHC COP) performed in RHC as reference lab to Fiscal Intermediary on UB-04 claim form using hospital billing number
    - Again, bill under hospital main provider number (not RHC number!)
    - Bill type 14X
    - Revenue code 030X
    - CPT code required field
    - Fee schedule reimbursement
  - For CAH, lab services with dates of service beginning July 1, 2009, use 85X bill type to receive cost reimbursement for lab services.



## Review of Billing Policies

### RHC Billing Tips

- CPT/HCPCS Codes not required, but if used, must pass OCE edits
- Use only ICD-9 to describe diagnosis
- Always code to most specific detail code available
- Always include unit/visit number with visit revenue code (e.g., 521 revenue code)
- Bill type = 71x
- NPI – Show appropriate identifier (assigned to the provider)
- Always include revenue code 001, total charges



## Review of Billing Policies

### RHC Billing Tips (continued)

- Can combine non-visit charges with visit charges:
  - Usually within 30 days
  - Bundle all charges with visit revenue code
- Should list actual charge on claim form—not reimbursement rate!



## Review of Billing Policies

### Special Billing – Flu/PPV:

- Flu and pneumo vaccines have “special” treatment for cost-based reimbursement.
- Do not file claims for flu/PPV.
- Requires maintaining a log with the patient’s name, HIC number, and date of service. *Hint: Automate!*
- Reported and paid separately on the RHC cost report.



## Review of Billing Policies

### Special Billing – Non-covered Services

#### Option 1

- Entire episode not covered
  - Not required unless requested by patient
  - Use condition code 20 – If patient disagrees and wants Medicare to decide
  - Use condition code 21 – Patient wants denial for other insurance coverage
- Bill Type 710
- Charges listed as non-covered

#### Option 2

- Bill entire non-covered service to Part B on CMS 1500 claim form
- Will result in a better “cross-over” to supplemental plans
- Think preventive services in this scenario



## Resources

### CMS Online Manuals

- Pub 100-4, Chapter 3, Section 30  
Inpatient Part A Hospital Manual
- Pub 100-4, Chapter 4, Section 250  
Part B Hospital (including Inpatient Hospital Part B and OPPS)
- Pub 100-4, Chapter 6, Section 20  
SNF Inpatient Part A Billing
- Pub 100-4, Chapter 9 – RHC/FQHC Manual
- Pub 100-4, Chapter 16, Sections 30.3 & 40.3.1  
Laboratory Services from Independent Labs, Physicians & Providers

### Other

- Medicare Prescription Drug Improvement & Modernization Act of 2003
- Medicare Improvements for Patients and Providers Act of 2008
- The Guide to Medicare Preventive Services for Physicians, Providers, Suppliers, and Other Health Care Professionals, January 2005 (a PDF file at [www.cms.hhs.gov/medlearn/psguid.pdf](http://www.cms.hhs.gov/medlearn/psguid.pdf) )
- United Government Services CAH Training Manual (available in PDF at [www.ugsmedicare.com/Training.htm](http://www.ugsmedicare.com/Training.htm))
- Noridian Administrative Services LLC [www.noridianmedicare.com](http://www.noridianmedicare.com)



## Questions



# Thank you!



## Speaker Information

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