How Physicians Get Paid: It’s as Easy as: CMS, RVUs, ICD-9, and CPT

Aaron Michelfelder, M.D.
Associate Professor of Family Medicine, and Bioethics & Health Policy

Goals

• Define the Acronyms CMS, RVU, ICD-9, and CPT
• Define The Components of Submitting a Medical Bill
• Define How a Medical Bill Turns into A Paycheck for A Physician

Your First Patient as an Attending

• Mrs. S is a 68 y/o female on Medicare who presents to your clinic as a new patient with a fever and sore throat. You perform a history and physical exam, perform a rapid strep test, and diagnose her with viral pharyngitis. You recommend supportive measures and Robitussin-DM.
How do you get paid for seeing Mrs. S?

• To get paid, you must bill for services

Your First Patient as an Attending

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What Services Did You Provide?
What Work (Services) Did You Provide?

• 3 Main Components to All Office Visits
  • Provider (Physician/APN/PA) Visit
    – History/Physical/Medical Decision Making
    – Physician Performed Procedures
  • Testing/ Non-Physician Performed Procedures (Immunizations, Etc.)
  • Office Work (Nurse/Front Desk)

Physician Services

What Services Did You Provide?

Your doctor-patient encounter, and all tests and procedures you perform on the patient are considered “Procedures”
Each “Procedure” has a defined Code Number called a “CPT Code”
CPT Codes

  - Owned by the American Medical Association (AMA)
  - Defined Codes for all Provider Visits
    - Evaluation and Management Codes (E&M)
      - Office Visits
      - Hospital Visits
      - Home Visits
      - Nursing Home/Facility Visits
      - "Cognitive Work"
  - Defined Codes for All Procedures
    - Surgeries/Deliveries
    - Office Procedures
    - Tests (EKGs, Rapid Strep, Labs, Immunizations, Etc.)

You Must Have CPT Codes to Get Paid
CPT Codes

• For Mrs. S’ Visit
  – CPT Code for the Physician Visit
  – CPT Code for the Nursing Work
  – CPT Code for the Procedure: Rapid Strep Test

Evaluation and Management (E&M) CPT (Outpatient) Codes

<table>
<thead>
<tr>
<th>E&amp;M CPT Code</th>
<th>Description</th>
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<tr>
<td>99201</td>
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New Patient Established Patient

E&M
Physician Visit (Inpatient/Outpatient/Home or NH)

<table>
<thead>
<tr>
<th>History</th>
<th>Physical</th>
<th>Medical Decision Making</th>
<th>E&amp;M CPT Code</th>
</tr>
</thead>
</table>
Example E&M 99213

IV. Medicare Type: Expanded Problem Focused
   A. Criteria
      1. Establish chief complaint
      2. Brief review of systems (ROS)
      3. Problem-oriented review of systems (PROS)
      4. Diagnoses
      a. Include list of diagnoses
      b. Include list of differential diagnoses
      c. Include list of medications

III. Examinations Type: Expanded Problem Focused
   A. Criteria
      1. Physical examination
      2. Laboratory test
      3. Diagnostic test
      4. Treatment plan

II. Decision Making Type: Low Complexity
   A. Criteria
      1. Limited number of diagnoses
      2. Limited number of differential diagnoses
      3. Limited number of medications
      4. Limited number of treatment plans

Importance of Documentation

E&M CPT Code Billed + Documentation = FRAUD

Physician Coding Abuse?

- In 1990's:
  - Requirement for Documentation to Support use of CPT Codes Billed
  - Requirement to Link CPT Codes to Diagnoses
  - Some CPT Codes Paid by Payors for Certain Diagnosis Codes and Not Others
Diagnosis Codes

ICD-9 Codes
• Must Explain WHY You are Coding a CPT
  – All CPTs Must be Linked to a Diagnosis
  – International Classification of Diseases – 9th ed. (ICD-9)
  – Owned by the World Health Organization
  – All the Diagnosis Codes are ICD-9 Codes
    • i.e.: Pharyngitis = 462

Mrs. S’ Visit
• Physician Visit – CPT 99202
• Nursing Work – CPT – (Office)
• Rapid Strep – CPT 87880

• All Linked to ICD-9 Code 462 (Pharyngitis)
**Bill**

\[
\text{GIFT Code} \quad + \quad \text{ICD-9 Diagnosis Codes} \quad + \quad \text{Charges (From)} = \quad \text{Bill}
\]

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**Definitions**

- **Medical Coding:**
  - "Medical coding is a process in which descriptions of billable medical procedures from doctors and nurses taken in reports and notes are transformed into a medical code, used universally by billing and insurance departments."

- **Medical Billing:**
  - "Medical billing takes the codes from the medical coding department and organizes the information, figures out the financial costs for each code and then places them on a bill for the patient and insurance companies."

*Definitions from Calissa Hatton, www.ehow.com*

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**What Happens When You Send In That Bill?**
What Happens When You Send in That Bill?

• Resource Based Relative Value System (RBRVS)
  – Developed in 1980 by Harvard School of Public Health
  – Set by the Centers for Medicare and Medicaid Services (CMS)
  – Assign a Number “Value” to Each CPT Code
  – “Values” Vary Based on CMS Priorities
  – “Values” are Called Relative Value Units (RVUs)

• http://www.cms.gov/

• CMS Defines Relative Value Units for Each CPT Code

Relative Value Unit (RVU)

A real number assigned to the work of a physician.
Each CPT Assigned an RVU

- Physician Component (Work RVU)
- Office/Facility Component
- Malpractice Component

<table>
<thead>
<tr>
<th>CPT Code</th>
<th>Descriptor</th>
<th>Physician Work RVU</th>
<th>Non-Facility RVU</th>
<th>Facility RVU</th>
<th>Malpractice RVU</th>
<th>Total RVU</th>
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<tr>
<td>99202</td>
<td>Office Visit, New Pt</td>
<td>0.88</td>
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* "Facility" = Hospital or ASC, "Non-Facility" = Clinical Office

Payments

- Medicare Pays $36.8729 per RVU
  - 1.73 RVUs X 36.8729 = $63.790117
  - Rapid Step (CPT 87880) = $16.01

- Total Payment From Medicare = $79.80

Payments

- Medicare Pays $36.8729/RVU
- Private Insurance is Different
  - $55/RVU for Evaluation and Management CPTs (Office Visits)
  - $70/RVU for Procedures
Getting Paid “The Process”

REVIEW

• What is:
  - CPT
  - E&M
  - ICD-9
  - RBRVS
  - RVU
  - CMS
Questions?

• (If time, will review some bonus slides next)

Bonus Slides

E&M CPT Codes

• Documentation Requirements
• Charts are Audited by CMS
• Huge Fines for “Overbilling” (Usually Underdocumentation)
E&M CPT Codes - Documentation

- The reason for the encounter and relevant history, physical exam findings and prior diagnostic test results
- Assessment, clinical impression or diagnosis
- Plan of care
- Date and legible identity of the observer
- If not documented, the rationale for ordering diagnostic and other ancillary services should be easily inferred.
- Appropriate health risk factors should be identified
- The patient's progress, response to and changes in treatment, and revision of diagnosis
- The CPT and ICD-9-CM codes reported on the health insurance claim form or billing statement should be supported by the documentation in the record.

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E&M CPT Codes - Documentation

- Legible
- Signed

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E&M CPT Codes - Documentation

- 3 Main Documentation Components
  - History
  - Physical
  - Medical Decision Making
E&M CPT Code - History

- CC
- HPI
- Past/Family/Social Hx
- ROS

(Allergies and Medications are Expected For All Patient Visits)

E&M CPT Code - Physical Exam

- Elements from Organ Systems
- Vitals + General = 1 Point
- Inspection, Auscultation, Palpation Each 1 Point
- i.e.: Card: Non-active precordium, NI PMI, 
  RRR NI S1, S2, no S3,S4 or murmur

E&M CPT Code – Medical Decision Making

- 4 Levels
  - Straightforward
  - Low Complexity
  - Moderate Complexity
  - High Complexity
E&M CPT Coding Documentation

- Levels of Documentation Within Each Required Element
  - Problem Focused (2)
  - Expanded Problem Focused (3)
  - Detailed (4)
  - Comprehensive (5)

• 3 of 3 for New Patients (Or Lowest Level)
• 2 of 3 for Established Patients or Middle Level

<table>
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<tr>
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<th>Expanded PF</th>
<th>Detailed</th>
<th>Comprehensive</th>
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<td>Physical</td>
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Modifiers

• What Happens if You Have More Than 1 CPT Code?

Mr. G is a 54 y/o male who sees you for hypertension. You adjust his medication, and “Oh by the way, can you remove my skin tags?” You decide to freeze his 6 skin tags.

Modifiers

• What Work Did You Do?
• E&M CPT 99213
• Cryodestruction of Skin Tags
  – CPT 11200 (Removal Skin Tags 1-15)

Modifiers

• When You Bill More than 1 CPT Code, Payers will Reduce Payment for Secondary CPT Codes
• Bill the Highest RVU CPT Code First!!
• The Secondary E&M Code Needs a Modifier
Modifiers

• - 25 = Separate Identifiable Evaluation and Management Service Provided on the Same Day as a Procedure (This Means ANY Procedure Including Immunizations, Nebulizer Treatment, etc.)

• - 51 = Multiple Procedures Performed on The Same Patient on the Same Day, by the Same Provider

• - 50 = Bilateral Procedure

Examples - 25

Mr. G is a 54 y/o male who sees you for hypertension. You adjust his medication, and "Oh by the way, can you remove my skin tags?" You the Decide to Freeze His 6 Skin Tags.

Bill:
Primary CPT 11200 (Skin Tag Cryo) Link: ICD-9 701.5 (Skin Tag)
Secondary 99213 (E&M) – 25 Link: 701.5 (Skin Tag), 401.1 (HTN)

Examples - 51

Mr. G is a 54 y/o male who sees you for hypertension. You adjust his medication, and "Oh by the way, can you remove my skin tags and inject my knee?" You the Decide to Freeze His 6 Skin Tags and inject his knee.

• Bill:
  – 20610 (Knee Injection) Link: 715.36 (Knee OA)
  – 11200 – 51 (Skin tag removal) Link: 701.5 (Skin Tag)
  – 99213 – 25 (E&M Office Visit) Link: 401.1, 701.5, 715.36
Examples 50

Mr. G is a 54 y/o male who sees you for hypertension. You adjust his medication, and “Oh by the way, can you inject both of my knees?” You decide to inject both of his knees.

Bill:
- 20610 - 50 (Knee Injection - bilateral) Link: 715.36 (Knee OA)
- 99213 - 25 (E&M Office Visit) Link: 401.1, 715.36 (HTN, Knee OA)

Bill By Time

- Medicare has time recommendations and can audit your schedule
- Must document time spent with patient and that >50 was counseling

i.e.:
“Time in 1:20, time out 1:45
I spent >50% of our visit time in counseling as outlined in the A&P above”

Evaluation and Management (E&M) CPT Codes – Bill By Time

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<td>Nurse Visit 5 min</td>
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<td>Expanded Problem Focused 20 min</td>
<td>99212</td>
<td>Problem Focused 10 min</td>
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<td>Detailed 30 min</td>
<td>99213</td>
<td>Expanded Problem Focused 15 min</td>
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<td>99205</td>
<td>Comprehensive 60 min</td>
<td>99215</td>
<td>Comprehensive 40 min</td>
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New Patient Established Patient
Advanced Coding

- “Q” Codes – Invented by CMS and Only Apply To Medicare Patients
- Preventive Medicine Codes 9939X
- Consultation Versus New Patient
- Inpatient Coding
- Prenatal Care/Delivery/Postnatal Care

Summary

- You’ll Spend a Lifetime Learning This
  - CPT
  - E&M
  - ICD-9
  - RBRVS
  - RVU
  - CMS
  - Modifiers 25,50,51

Resources

- CMS
- Family Practice Management