

MEDICARE PHYSICIAN FEE SCHEDULE (MPFS)

Medicare Physician Fee Schedule Payment Policy Indicators

The information that follows provides definitions of the national policy indicators for each procedure code (and modifier, where applicable) on the Medicare physician fee schedule database (MPFSDB).

Procedure Code/Modifier (procmod)

The CPT or HCPCS procedure code and, where applicable, procedure code modifier.

Code Status (status)

Provides the fee schedule status of each code.

- A** Active code. These codes are separately paid under the physician fee schedule if covered. There will be relative value units (RVUs) and payment amounts for codes with this status. The presence of an "A" indicator does not mean that Medicare has made a national coverage determination regarding the service; carriers remain responsible for coverage decisions in the absence of a national Medicare policy.
- B** Payment for covered services are always bundled into payment for other services not specified. There will be no RVUs or payment amounts for these codes and no separate payment is ever made. When these services are covered, payment for them is subsumed by the payment for the services to which they are incident (an example is a telephone call from a hospital nurse regarding care of a patient).
- C** Carriers price the code. Carriers will establish RVUs and payment amounts for these services, generally on an individual case basis following review of documentation such as an operative report.
- D** Deleted/discontinued codes.
- E** Excluded from physician fee schedule by regulation. These codes are for items and/or services that the Centers for Medicare & Medicaid Services (CMS) chose to exclude from the fee schedule payment by regulation. No RVUs or payment amounts are shown and no payment may be made under the fee schedule for these codes. Payment for them, when covered, continues under reasonable charge procedures.
- F** Deleted/discontinued codes. (Code not subject to a 90 day grace period.) These codes are deleted effective with the beginning of the year and are never subject to a grace period. This indicator was effective with the 2002 fee schedule as of January 1, 2002.
- G** Not valid for Medicare purposes. Medicare uses another code for reporting of, and payment for, these services. (Code subject to a 90 day grace period.) This indicator is no longer effective beginning with the 2005 fee schedule as of January 1, 2005.
- H** Deleted modifier. For 2000 and later years, either the TC or PC component shown for the code has been deleted and the deleted component is shown in the data base with the H status.
- I** Not valid for Medicare purposes. Medicare uses another code for reporting of, and payment for, these services. (Code *not* subject to a 90-day grace period.)
- J** Anesthesia services (no relative value units or payment amounts for anesthesia codes on the database, only used to facilitate the identification of anesthesia services.)
- L** Local codes. Carriers will apply this status to all local codes in effect on January 1, 1998 or subsequently approved by central office for use. Carriers will complete the RVUs and payment amounts for these codes.
- M** Measurement codes, used for reporting purposes only.
- N** Noncovered service. These codes are carried on HCPCS as noncovered services.
- P** Bundled/excluded codes. There are no RVUs and no payment amounts for these services. No separate payment is made for them under the fee schedule.
If the item or service is covered as incident to a physician service and is provided on the same day as a physician service, payment for it is bundled into the payment for the physician service to which it is incident (an example is an elastic bandage furnished by a physician incident to a physician service).
If the item or service is covered as other than incident to a physician service, it is excluded from the fee schedule (for example, colostomy supplies) and is paid under the other payment provision of the Act.
- R** Restricted coverage. Special coverage instructions apply.
- T** There are RVUs and payment amounts for these services, but they are only paid if there are no other services payable under the physician fee schedule billed on the same date by the same provider. If any other services payable under the physician fee schedule are billed on the same date by the same provider, these services are bundled into the physician services for which payment is made.
- X** Statutory exclusion. These codes represent an item or service that is not in the statutory definition of "physician services" for fee schedule payment purposes. No RVUs or payment amounts are shown for these codes and no payment may be made under the physician fee schedule. (Examples are ambulance services and clinical diagnostic laboratory services.)

Global Surgery (global)

Provides the postoperative time frames that apply to payment for each surgical procedure or another indicator

that describes the applicability of the global concept to the service.

- 000** Endoscopic or minor procedure with related preoperative and postoperative relative values on the day of the procedure only included in the fee schedule payment amount; evaluation and management services on the day of the procedure generally not payable.
- 010** Minor procedure with preoperative relative values on the day of the procedure and postoperative relative values during a 10-day postoperative period included in the fee schedule amount; evaluation and management services on the day of the procedure and during this 10-day postoperative period generally not payable.
- 090** Major surgery with a 1-day preoperative period and 90-day postoperative period included in the fee schedule payment amount.
- MMM** Maternity codes; usual global period does not apply.
- XXX** Global concept does not apply
- YYY** Carrier determines whether global concept applies and establishes postoperative period, if appropriate, at time of pricing.
- ZZZ** Code related to another service and is always included in the global period of the other service. (Note: Physician work is associated with intra-service time and in some instances the post service time.)

Preoperative, Intraoperative, and Postoperative Percentages

- Preoperative percentage (**pre op**) - modifier 56
Provides the percentage for the preoperative portion of the global package.
- Intraoperative percentage (**intra op**) modifier 54
Provides the percentage for the intraoperative portion of the global package including postoperative work in the hospital.
- Postoperative percentage (**post op**) - modifier 55
Provides the percentage for the postoperative portion of the global package that is provided in the office after discharge from the hospital.

The total of preoperative, intraoperative, and postoperative percentages will usually equal one. Any variance is slight and results from rounding.

Professional Component/Technical Component Indicator (PC/TC)

- 0 Physician service codes:** This indicator identifies codes that describe physician services. Examples include visits, consultations, and surgical procedures. The concept of PC/TC does not apply since physician services cannot be split into professional and technical components. Modifiers 26 and TC cannot be used with these codes. The total RVUs include values for physician work, practice expense and malpractice expense. There are some codes with no work RVUs.
- 1 Diagnostic tests or radiology services:** This indicator identifies codes that describe diagnostic tests (e.g., pulmonary function tests), or therapeutic radiology procedures (e.g., radiation therapy). These codes generally have both a professional and technical component. Modifiers 26 and TC can be used with these codes.

The total RVUs for codes reported with a 26 modifier include values for physician work, practice expense, and malpractice expense.

The total RVUs for codes reported with a TC modifier include values for practice expense and malpractice expense only. The total RVUs for codes reported without a modifier equals the sum of RVUs for both the professional and technical component.

- 2 Professional component only codes:** This indicator identifies stand alone codes that describe the physician work portion of selected diagnostic tests for which there is an associated code that describes the technical component of the diagnostic test only and another associated code that describes the global test.

An example of a professional component only code is *93010, Electrocardiogram; interpretation and report*. Modifiers 26 and TC cannot be used with these codes. The total RVUs for professional component only codes include values for physician work, practice expense, and malpractice expense.

- 3 Technical component only codes:** This indicator identifies stand alone codes that describe the technical component (i.e., staff and equipment costs) of selected diagnostic tests for which there is an associated code that describes the professional component of the diagnostic tests only.

An example of a technical component code is *93005, Electrocardiogram, tracing only, without interpretation and report*. It also identifies codes that are covered only as diagnostic tests and therefore do not have a related professional code. Modifiers 26 and TC cannot be used with these codes.

The total RVUs for technical component only codes include values for practice expense and malpractice expense only.

- 4 Global test only codes:** This indicator identifies stand alone codes for which there are associated codes that describe: a) the professional component of the test only and b) the technical component of the test only. Modifiers 26 and TC cannot be used with these codes. The total RVUs for global procedure only codes include values for physician work, practice expense, and malpractice expense. The total RVUs for global procedure only codes equals the sum of the total RVUs for the professional and technical components only codes combined.

- 5 Incident to codes:** This indicator identifies codes that describe services covered incident to a physicians service when they are provided by auxiliary personnel employed by the physician and working under his or her direct supervision.

Payment may not be made by carriers for these services when they are provided to hospital inpatients or patients in a hospital outpatient department. Modifiers 26 and TC cannot be used with these codes.

- 6 Laboratory physician interpretation codes:** This indicator identifies clinical laboratory codes for which separate payment for interpretations by laboratory physicians may be made. Actual performance of the tests is paid for under the lab fee schedule. Modifier TC cannot be used with these codes. The total RVUs for laboratory physician interpretation codes include values for physician work, practice expense and malpractice expense.
- 7 Physical therapy service:** Payment may not be made if the service is provided to either a hospital outpatient or inpatient by an independently practicing physical or occupational therapist.
- 8 Physician interpretation codes:** This indicator identifies the professional component of clinical laboratory codes for which separate payment may be made only if the physician interprets an abnormal smear for hospital inpatient. This applies only to code 85060. No TC billing is recognized because payment for the underlying clinical laboratory test is made to the hospital, generally through the PPS rate.

No payment is recognized for code 85060 furnished to hospital outpatients or non-hospital patients. The physician interpretation is paid through the clinical laboratory fee schedule payment for the clinical laboratory test.

- 9** Concept of a professional/technical component does not apply.

Multiple Procedure (m/s) - Modifier 51

Indicates which payment adjustment rule for multiple procedures applies to the service.

- 0** No payment adjustment rules for multiple procedures apply. If procedure is reported on the same day as another procedure, base payment on the lower of: (a) the actual charge or (b) the fee schedule amount for the procedure.
- 1** Standard payment adjustment rules in effect before January 1, 1996 for multiple procedures apply. In the 1996 MPFSDB, this indicator only applies to codes with procedure status of "D." If a procedure is reported on the same day as another procedure with an indicator of 1, 2, or 3, rank the procedures by fee schedule amount and apply the appropriate reduction to this code (100 percent, 50 percent, 25 percent, 25 percent, 25 percent, and by report). Base payment on the lower of: (a) the actual charge or (b) the fee schedule amount reduced by the appropriate percentage.
- 2** Standard payment adjustment rules for multiple procedures apply. If procedure is reported on the same day as another procedure with an indicator of 1, 2, or 3, rank the procedures by fee schedule amount and apply the appropriate reduction to this code (100 percent, 50 percent, 50 percent, 50 percent, 50 percent, and by report). Base payment on the lower of: (a) the actual charge or (b) the fee schedule amount reduced by the appropriate percentage.
- 3** Special rules for multiple endoscopic procedures apply if procedure is billed with another endoscopy in

the same family (i.e., another endoscopy that has the same base procedure). The base procedure for each code with this indicator is identified on page 15.

Multiple endoscopy rules are applied to a family before ranking the family with other procedures performed on the same day (for example, if multiple endoscopies in the same family are reported on the same day as endoscopies in another family or on the same day as a non-endoscopic procedure).

If an endoscopic procedure is reported with only its base procedure, carriers do not pay separately for the base procedure. Payment for the base procedure is included in the payment for the other endoscopy.

- 4** Subject to 25 percent reduction of the TC diagnostic imaging (effective for services January 1, 2006 thru December 31, 2006)

Subject to 25 percent reduction of the TC diagnostic imaging reduction (effective for services January 1, 2007 and after)

- 9** Concept does not apply.

Bilateral Surgery (b/s) - Modifier 50

Provides an indicator for services subject to a payment adjustment.

- 0** 150 percent payment adjustment for bilateral procedures does not apply. If procedure is reported with modifier 50 or with modifiers RT and LT, base payment for the two sides on the lower of: (a) the total actual charge for both sides or (b) 100 percent of the fee schedule amount for a single code.

Example: The fee schedule amount for code XXXXX is \$125. The physician reports code XXXXX-LT with an actual charge of \$100 and XXXXX-RT with an actual charge of \$100. Payment would be based on the fee schedule amount (\$125) since it is lower than the total actual charges for the left and right sides (\$200).

The bilateral adjustment is inappropriate for codes in this category because of (a) physiology or anatomy or (b) because the code descriptor specifically states that it is a unilateral procedure and there is an existing code for the bilateral procedure.

- 1** 150 percent payment adjustment for bilateral procedures applies. If code is billed with the bilateral modifier or is reported twice on the same day by any other means (e.g., with RT and LT modifiers or with a 2 in the units field), base payment for these codes when reported as bilateral procedures on the lower of: (a) the total actual charge for both sides or (b) 150 percent of the fee schedule amount for a single code
- If code is reported as a bilateral procedure and is reported with other procedure codes on the same day, apply the bilateral adjustment before applying any applicable multiple procedure rules.
- 2** 150 percent payment adjustment for bilateral procedure does not apply. RVUs are already based on the procedure being performed as a bilateral procedure. If procedure is reported with modifier 50 or is reported

twice on the same day by any other means (e.g., with RT and LT modifiers with a 2 in the units field), base payment for both sides on the lower of (a) the total actual charges by the physician for both sides or (b) 100 percent of the fee schedule amount for a single code.

Example: The fee schedule amount for code YYYYY is \$125. The physician reports code YYYYY-LT with an actual charge of \$100 and YYYYY-RT with an actual charge of \$100. Payment would be based on the fee schedule amount (\$125) since it is lower than the total actual charges for the left and right sides (\$200).

The RVUs are based on a bilateral procedure because: (a) the code descriptor specifically states that the procedure is bilateral; (b) the code descriptor states that the procedure may be performed either unilaterally or bilaterally; or (c) the procedure is usually performed as a bilateral procedure.

- 3 The usual payment adjustment for bilateral procedures does not apply. If procedure is reported with modifier 50 or is reported for both sides on the same day by any other means (e.g., with RT and LT modifiers or with a 2 in the units field), base payment for each side or organ or site of a paired organ on the lower of: (a) the actual charge for each side or (b) 100% of the fee schedule amount for each side. If procedure is reported as a bilateral procedure and with other procedure codes on the same day, determine the fee schedule amount for a bilateral procedure before applying any applicable multiple procedure rules.

Services in this category are generally radiology procedures or other diagnostic tests which are not subject to the special payment rules for other bilateral procedures.

- 9 Concept does not apply.

Assistant at Surgery (a/s)

Provides an indicator for services where an assistant at surgery is never paid for per the Medicare Carriers Manual.

- 0 Payment restriction for assistants at surgery applies to this procedure unless supporting documentation is submitted to establish medical necessity.
- 1 Statutory payment restriction for assistants at surgery applies to this procedure. Assistant at surgery may not be paid.
- 2 Payment restriction for assistants at surgery does not apply to this procedure. Assistant at surgery may be paid.
- 9 Concept does not apply.

Co-Surgeons (co) - Modifier 62

Provides an indicator for services for which two surgeons, each in a different specialty, may be paid.

- 0 Co-surgeons not permitted for this procedure.
- 1 Co-surgeons could be paid; supporting documentation

required to establish medical necessity of two surgeons for the procedure.

- 2 Co-surgeons permitted; no documentation required if two specialty requirements are met.
- 9 Concept does not apply.

Team Surgeons (team) - Modifier 66

Provides an indicator for services for which team surgeons may be paid.

- 0 Team surgeons not permitted for this procedure.
- 1 Team surgeons could be paid; supporting documentation required to establish medical necessity of a team; pay by report.
- 2 Team surgeons permitted; pay by report.
- 9 Concept does not apply.

Physician Supervision of Diagnostic Procedures (supv dx)

Provides levels of physician supervision required for diagnostic tests payable under the physician fee schedule.

General supervision means the procedure is furnished under the physician's overall direction and control, but the physician's presence is not required during the performance of the procedure. Under general supervision, the training of the nonphysician personnel who actually performs the diagnostic procedure and the maintenance of the necessary equipment and supplies are the continuing responsibility of the physician.

Direct supervision in the office setting means the physician must be present in the office suite and immediately available to furnish assistance and direction throughout the performance of the procedure. It does not mean that the physician must be present in the room when the procedure is performed.

Personal supervision means a physician must be in attendance in the room during the performance of the procedure.

- 01 Procedure must be performed under the general supervision of a physician.
- 02 Procedure must be performed under the direct supervision of a physician.
- 03 Procedure must be performed under the personal supervision of a physician.
- 04 Physician supervision policy does not apply when procedure is furnished by a qualified, independent psychologist or a clinical psychologist; otherwise must be performed under the general supervision of a physician.
- 05 Physician supervision policy does not apply when procedure is furnished by a qualified audiologist; otherwise must be performed under the general supervision of a physician.
- 06 Procedure must be performed by a physician or a physical therapist (PT) who is certified by the American Board of Physical Therapy Specialties (ABPTS) as a qualified electrophysiologic clinical

specialist and is permitted to provide the procedure under state law.

- 21** Procedure may be performed by a technician with certification under general supervision of a physician; otherwise must be performed under direct supervision of a physician.
- 22** May be performed by a technician with on-line real-time contact with physician.
- 66** May be performed by a physician or by a physical therapist with ABPTS certification and certification in this specific procedure.
- 6A** Supervision standards for level 66 apply; in addition, the PT with ABPTS certification may supervise another PT, but only the PT with ABPTS certification may bill.
- 77** Procedure must be performed by a PT with ABPTS certification or by a PT without certification under direct supervision of a physician, or by a technician with certification under general supervision of a physician.
- 7A** Supervision standards for level 77 apply; in addition, the PT with ABPTS certification may supervise another PT, but only the PT with ABPTS certification may bill.
- 09** Concept does not apply.

Diagnostic Imaging Family Indicator

- 01** Family 1 Ultrasound (Chest/Abdomen/Pelvis – Non Obstetrical)
- 02** Family 2 CT and CTA (Chest/Thorax/Abd/Pelvis)
- 03** Family 3 CT and CTA (Head/Brain/Orbit/Maxillofacial/Neck)
- 04** Family 4 MRI and MRA (Chest/Abd/Pelvis)
- 05** Family 5 MRI and MRA (Head/Brain/Neck)
- 06** Family 6 MRI and MRA (spine)

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- 07** Family 7 CT (spine)
- 08** Family 8 MRI and MRA (lower extremities)
- 09** Family 9 CT and CTA (lower extremities)
- 10** Family 10 MRI and MRA (upper extremities and joints)
- 11** Family 11 CT and CTA (upper extremities)

Facility Pricing

Codes that have reduced fees when performed in a facility setting are not identified in the tables that follow. However, these codes are annotated with an asterisk (*) in the *2007 Medicare Physician and Non-Physician Practitioner Fee Schedule* book. Facility fees are calculated at a national level with a reduced practice expense, because of reduced physician overhead associated with services provided in a facility.

Place of service codes to be used to identify facilities:

- 21** inpatient hospital
- 22** outpatient hospital
- 23** emergency room
- 24** ambulatory surgical center - ASC is only treated as a facility setting when an ASC list procedure is performed in an ASC
- 26** military treatment facility
- 31** skilled nursing facility
- 34** hospice
- 41** ambulance - land
- 42** ambulance air or water
- 51** inpatient psychiatric facility
- 52** psychiatric facility partial hospitalization
- 53** community mental health center
- 56** psychiatric residential treatment facility
- 61** comprehensive inpatient rehabilitation facility