PRACTICE MANAGEMENT REFERENCE GUIDE

A comprehensive resource to ensure compliant operations and revenue cycle management success

FIRST EDITION

AAPC®

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This publication provides situational examples and explanations, of which many are taken from the Medicare perspective. The individual, however, should understand that while private payers typically take their lead regarding reimbursement rates from Medicare, it is not the only set of rules to follow.

While federal and private payers have different objectives (such as the age of the population covered) and use different contracting practices (such as fee schedules and coverage policies), the plans and providers set similar elements of the quality in common for all patients. Nevertheless, it is important to consult with individual private payers if you have questions regarding coverage.

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Contents

Chapter 1
Healthcare Providers 1
Physicians and Nonphysician Practitioners 1
Incident-to Services 1
Question and Answer: Healthcare Providers 3

Chapter 2
Credentialing and Contracting 5
Credentialing 5
Healthcare Contracts 6
Pricing Strategies 7
Types of Reimbursement 8
Payer Relationships 9
Monitoring Payer Mix 9
Questions and Answers: Credentialing and Contracting 10

Chapter 3
Front Office 11
Questions and Answers: Front Office 12

Chapter 4
Back Office 15
Ancillary Staff 15
Coding and Billing Departments 15
Understanding Coding and Billing of Physician Office Visits 16
Medical Necessity 16
Place of Service 16
Questions and Answers: Back Office 17

Chapter 5
Denials Management 19
Tips for preventing denials 19
Appeals 21
Steps for Successful Appeals 21
Questions and Answers: Denials Management 22

Chapter 6
Audit Programs and Program Oversight 31
Medicare Program Integrity 32
Comprehensive Error Rate Testing Program (CERT) 32
Medicare Administrative Contractors (MAC) 33
Recovery Audit Contractors (RACs) 34
Zone Program Integrity Contractors (ZPICs) 35
Supplemental Medical Review Contractor (SMRC) 36
Medicaid Integrity Program (MIP) 37
Medicaid Integrity Contractors (MICs) 37
Medicaid Fraud Control Units (MFCU) 37
Question and Answer 39

Chapter 7
Medicare Access and CHIP Reauthorization Act (MACRA) 43
Merit-based Incentive Payment System (MIPS) 43
MIPS Eligible Clinicians 43
Submitter Types 44
Collection Types 45
Advanced Alternative Payment Models (APM) 48
Question and Answer 48

Chapter 8
Wireless Concepts in Healthcare 51
Smartphones 51
Social Media and the Web 52
Questions and Answers 53

Chapter 9
Health Insurance Portability and Accountability Act (HIPAA) 63
Administrative Simplification 63
Privacy Rule 63
Transaction and Code Set Standards 68
Code Sets 68
Electronic Transactions 68
Security Rule 69
Administrative Safeguards 70
Physical Safeguards 70
Technical Safeguards 71
Identifiers 71

HIPAA-HITECH . . . 72
Breach Notification . . . 72
Business Associates . . . 73
Enforcement . . . 73
Questions and Answers: HIPAA . . . 73

Chapter 10
Patient Data Security Data Security . . . 83
Fundamental Computer Network Concepts . . . 83
Authentication . . . 85
Virtual Private Network (VPN) . . . 85
Viruses, Trojan Horses, and Worms . . . 85
Security Management . . . 86
Questions and Answers . . . 87

Chapter 11
Human Resource Management . . . 95
Hiring and Firing . . . 95
Effective Interview Questions . . . 96
Assessment Tests . . . 98
Background Checks, Criminal Checks, and References . . . 98
Introductory or Probationary Period . . . 98
Discipline and Termination . . . 98
Employee Evaluations . . . 100
Record Keeping . . . 101
Compensation . . . 101
Benefits Administration . . . 102
Time Off . . . 103
Retirement Plans . . . 104
Employee Manual/Handbook . . . 104
Questions and Answers . . . 104

Chapter 12
Fraud and Abuse and Corporate Compliance . . . 115
Operation Restore Trust (ORT) . . . 115
The Anti-Kickback Law . . . 116
The Stark Law . . . 117
EMTALA: The Anti-Dumping Law . . . 118
False Claims Act and Qui Tam . . . 118
Risk Management Considerations . . . 119
Question and Answer . . . 121

Chapter 13
Marketing, Business Relationships and Operational Flow 125
Marketing in a Medical Practice 125
The Basics for Marketing a Practice 126
Patient Satisfaction Survey 127
Operational Workflow 129
Pharmaceutical Representatives 129
Questions and Answers 130

Chapter 14
Business Continuity and Disaster Recovery Planning 133
Preventive measures 133
Office Policies and Training 133
Insurance 134
Special Considerations in Preparing for a Disaster 135
Detective Measures 136
Corrective Measures 137
Questions and Answers 139

Resources 143
1. Medicare Benefit Policy Manual
Chapter 15 - Covered Medical and Other Health Services 143
2. 45 CFR §147.136 - Internal claims and appeals and external review processes 149
3. Place of Service Code Set 162
4. Yates Memo 166
5. Credential Checklist 173
6. Summary of Financial Reports and Key Indicators 174
7. Best Practices for Data Security 175
8. Employee Evaluation Template 177
9. Sample Content for Employee Manual 178
10. Comparison of the Anti-Kickback Statute and Stark Law 179
11. Patient Satisfaction Survey 180
12. Sample Disaster Policies 181

CHAPTER 1

Healthcare Providers

Managing a medical practice can be one of the most challenging and rewarding leadership opportunities in the healthcare field. The complexities of the revenue cycle and compliance regulations in our healthcare system, along with the required human resources knowledge and general business and management skills, make this an exciting, and sometimes demanding, profession.

NOTES

Physicians and Nonphysician Practitioners

There are two types of physicians: medical doctor (MD) and doctor of osteopathic medicine (DO). MDs are referred to as allopathic physicians, and DOs are referred to as osteopathic physicians. Although both MDs and DOs may use all accepted methods of treatment, including drugs and surgery, many DOs place special emphasis on the body's musculoskeletal system, preventive medicine, and holistic patient care. Approximately half of DOs practice general or family medicine, general internal medicine, or general pediatrics.

Some physicians work in small private offices or clinics and are often assisted by a small staff of nurses and other administrative personnel. Others are part of larger single-specialty groups or large multispecialty groups. Increasingly, physicians are practicing in groups or healthcare organizations that provide backup coverage and allow for more flexibility in their schedules. Physicians in a group practice or healthcare organization often work as part of a team that coordinates care for many patients. Unlike solo practitioners of the past, they have the advantage of the entire practice that enables them to provide high-quality care.

There are specific nonphysician practitioners (NPPs), such as a physician assistant (PA), nurse practitioner (NP), clinical nurse specialist (CNS), and certified nurse midwife (CNM), who are also providers of healthcare and are entitled to reimbursement from Medicare and many other payers. They may obtain their own national provider identifier (NPI), which allows them to bill directly for their own patients, generally at a percentage less than would be paid to a physician. Alternately, they may bill incident to the work of a physician with the physician's patients. When this happens, the NPP provides services that are an integral part of the physician's own involvement with their patients (for example, follow-up office visits for known diagnoses and established treatment plans that the physician is monitoring). Because incident-to services must be part of the physician's established treatment plan, new patient visits and patients with new problems should not be reported as incident to. Incident-to billing is billed under the physician's provider identifier.

Incident-to Services

Incident-to services supervised by NPPs are typically reimbursed at 85 percent of the Medicare physician fee schedule. The incident-to billing rules provide an exception, allowing 100 percent reimbursement for non-physician services that meet the requirements detailed in the Medicare Benefit Policy Manual, Chapter 15, Section 60 (Services and Supplies Furnished Incident to a Physician's/NPP's

NPs serve as primary and specialty care providers, providing a blend of nursing and healthcare services to patients. They may also prescribe certain medications. The most common specialty areas for NPs include family practice, adult practice, women's health, pediatrics, acute care, and geriatrics. However, NPs are found practicing in many different specialties.

Question and Answer: Healthcare Providers

Question: *My practice employs both physicians as well as NPPs. We've had some issues where our claims from patient encounters with NPPs are getting denied from UnitedHealthcare. What are we doing wrong?*

Answer: For UnitedHealthcare, all claims for evaluation and management (E/M) services provided by NPs, PAs, and CNSs require modifier SA *Nurse practitioner rendering service in collaboration with a physician*.

But don't forget one of the golden rules of billing: Each payer has different requirements. Make sure you check with each individual insurer as to what they require and when, especially as to the use of a specific modifier as it may impact reimbursement.

Question: *Does every payer follow incident-to guidelines?*

Answer: While Medicare's policies on incident-to billing are probably the template from which other payers make their own rules, be careful about any negotiations for different rules with other payers.

Unless you have a policy from every payer that you are contracted with, use Medicare as your standard. If you have a payer that wants things done differently, you can set that up if you want, but you can't say, "I'm going to do this for Medicare and no one else." That would make you noncompliant, which is a problem.

To get more information on Medicare's incident-to requirements see the CMS Internet Only Manual (IOM), Publication 100-02, Medicare Benefit Policy Manual, Chapter 15, Section 60 at https://www.cms.gov/.

NOTES

Payer fee schedule rates compared to Medicare rates

CPT® Codes	Practice Fee Medicare	United %Medicare	Cigna %Medicare	Humana %Medicare
99202 -- Office or other outpatient visit for	$150.00 $59.00	$65.00 110.17%	$70.00 118.64%	$90.00 152.54%
99203 -- Office or other outpatient visit for	$225.00 $88.00	$95.00 107.95%	$97.00 110.23%	$140.00 159.09%
99204 -- Office or other outpatient visit for	$300.00 $115.00	$117.00 101.74%	$125.00 108.70%	$170.00 147.83%
99212 -- Office or other outpatient visit for	$100.00 $40.00	$45.00 112.50%	$48.00 120.00%	$60.00 150.00%
99213 -- Office or other outpatient visit for	$150.00 $71.00	$76.00 107.04%	$75.00 105.63%	$85.00 119.72%
99214 -- Office or other outpatient visit for	$250.00 $95.00	$99.00 104.21%	$98.00 103.16%	$120.00 126.32%
99354 - Prolonged physician service	$200.00 $115.00	$135.00 117.39%	$130.00 113.04%	$180.00 156.52%
99355 - Prolonged physician service	$300.00 $165.00	$185.00 112.12%	$180.00 109.09%	$275.00 166.67%
99356 - Prolonged physician service	$450.00 $250.00	$280.00 112.00%	$270.00 108.00%	$350.00 140.00%

NOTES

This report is helpful when negotiating contracts with payers.

Read and understand all contracts with payers, including contracted rates, timelines for filing claims, and other requirements for proper payment. The ability to negotiate better contracted rates will depend on the strength of the payer, how bad the payer needs your specialty in its network, and persistence of the negotiator.

A software program is the most efficient way to verify that each insurance payer is paying you the correct, contracted rates. A more time intensive process is to perform periodic audits of Remittance Advice (RAs) and compare contracted rates for the payer. Either of these two methods requires keeping up-to-date fee schedules of the contracted rates for each payer.

Types of Reimbursement

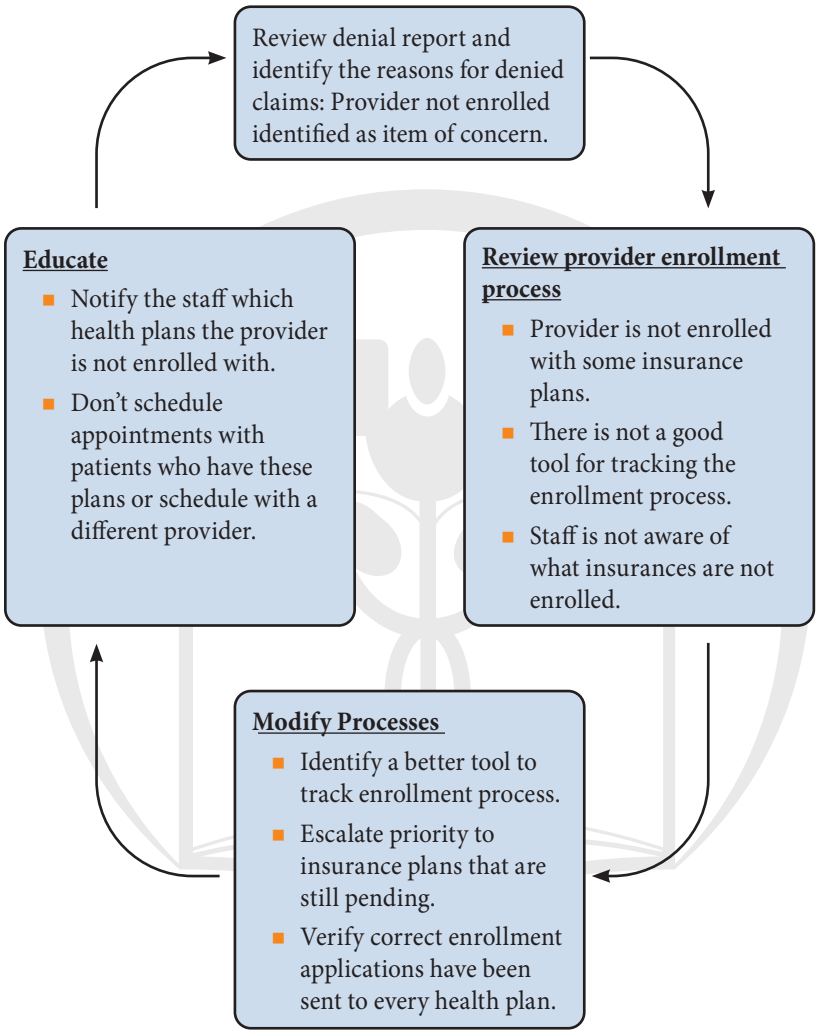
The most common reimbursement methods from insurance payers are prospective fee schedules, discounted charges, capitation, and resource-based relative value scale (RBRVS) systems.

- Prospective fee schedules are the most common for commercial payers. Payments are based on physician fee schedules negotiated with the payer. These can either be unique contracted rates or can be tied to a percent of Medicare (based on the RBRVS method).

NOTES

3. Implement updated policy and educate staff to prevent continued issues with problems identified.
4. Utilize practice management software rules engine (if available).
5. Create a culture of zero tolerance for preventable denials.

An example of an effective denials process improvement effort might include the following steps:



This illustration shows an example of an improvement process after a denial reason is identified as a concern. In the top middle box, you see the identification of the denial reason "provider not enrolled." The next box describes a review of the enrollment process to identify why denials are resulting from the process. It is identified that the provider is not enrolled with some insurances, that there is not a good tool to track the enrollment process and that the staff involved with scheduling are not aware of what insurances the provider is enrolled with.

The next box describes what is being done to modify the process to reduce these denials including identifying a better tool to track the enrollment process so that providers get fully enrolled and escalating those that are still pending approval. It also includes identifying that correct applications have been sent to each carrier.

NOTES

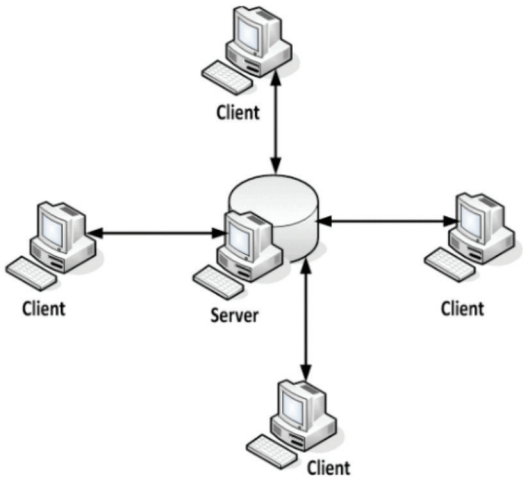


Figure 1: Client/Server Illustration

The internet consists of masses of computers connected together to exchange information. To send information to the right place, each computer has a unique address called an Internet Protocol (IP) address. IP addresses are 32-bit numbers, normally expressed as four octets in a dotted decimal number. A typical IP address looks like this: 218.162.125.141. A LAN may be broken down into smaller sub-networks (subnet), which is a range of IP addresses. All computers that belong to a subnet are addressed with an identical bit-group in their IP address.

A router is a device located where two or more networks connect, such as the WAN (internet) to a LAN (small business). It examines data packets and determines the best path for forwarding.

A firewall is a program or hardware device that filters the information coming through the internet. If the filters flag an incoming packet of information, it is not allowed through. A firewall, working closely with a router program, examines each network packet to determine whether to forward it toward its destination. A firewall may also work with a proxy server that makes network requests on behalf of workstation users. Firewalls may allow or deny users based on several criteria including the following examples:

- IP addresses
- Domain names
- Protocols
- Ports
- Specific words and phrases

A network switch is a small hardware device that joins multiple computers together within one local area network.

Bridges are network appliances that route information between two different networks in an organization. They connect a local area network to another local area network that uses the same protocol, for example via Ethernet. If one department is on one subnet IP address range and another department is on another subnet, a bridge can connect them and provide appropriate communication between the departments.

Example: Risk Level Assessment

Likelihood	**Virtually Certain/High**	Moderate	High	High
	Probable/Moderate	Low	Moderate	High
	Remote/Low	Low	Low	Moderate
		Insignificant/Low	**Significant/Moderate**	**Material/High**
		Impact		

Example:

Vulnerability: Risk Identification	Likelihood/Impact	Risk Level	Recommendations
Water sprinkler system in Data Center = Fire would activate sprinkler system causing water damage to hardware.	Likelihood: Low Impact: High	Moderate	None. Replacing the sprinkler system in the Data Center has been determined to be cost-prohibitive. Executive management accepts risk.
Passwords are not set to expire = Unchanged passwords could result in compromise of confidentiality of data.	Likelihood: Moderate Impact: Moderate	Moderate	IT will set Oracle to expire passwords and require changes.
USB drives used by nurses = Loss or theft could result in compromise of confidentiality of data.	Likelihood: High Impact: Moderate	High	New policy that clearly prohibits storing PHI data on removable media. Acceptable Use policy, under development for use in the Security Awareness and Training program.
Office is located over a fault line. An earthquake is possible.	Likelihood: Moderate Impact: High	High	New policy that clearly outlines office staff procedures for their safety and patient safety in the event of an earthquake during business office hours.

Corrective Measures

Actions to Take After a Disaster

Below is a list of issues to consider in the event a practice is severely damaged or destroyed. The list is not all-encompassing but may provide an overall guide in the event a catastrophic disaster occurs. You may want to add, modify, or take out some of these items depending on your practice and the extent of the disaster. Whatever checklist you formulate, you may want to keep it off-site where it would not be damaged and could be easily accessed. The sample policies contained in this model disaster plan may also provide steps regarding action taken in the event of a particular kind of disaster.

Post-Disaster Checklist

1. **Physicians and/or office manager must contact employees** regarding the extent of the disaster and what action employees should take in the short-term. The physicians within the practice and/or the office manager should notify all employees regarding whether the practice will open, and to ensure employees can be notified about future actions.

NOTES

1. Medicare Benefit Policy Manual
Chapter 15 - Covered Medical and Other Health Services

Source: CMS, https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/bp102c15.pdf

60 - Services and Supplies Furnished Incident To a Physician's/NPP's Professional Service

(Rev. 1, 10-01-03)

B3-2050

A - Noninstitutional Setting

For purposes of this section a noninstitutional setting means all settings other than a hospital or skilled nursing facility

Medicare pays for services and supplies (including drug and biologicals which are not usually self-administered) that are furnished incident to a physician's or other practitioner's services, are commonly included in the physician's or practitioner's bills, and for which payment is not made under a separate benefit category listed in §1861(s) of the Act. A/B MACs (A) and (B) must not apply incident to requirements to services having their own benefit category. Rather, these services should meet the requirements of their own benefit category. For example, diagnostic tests are covered under §1861(s)(3) of the Act and are subject to their own coverage requirements. Depending on the particular tests, the supervision requirement for diagnostic tests or other services may be more or less stringent than supervision requirements for services and supplies furnished incident to physician's or other practitioner's services. Diagnostic tests need not also meet the incident to requirement in this section. Likewise, pneumococcal, influenza, and hepatitis B vaccines are covered under §1861(s)(10) of the Act and need not also meet incident to requirements. (Physician assistants, nurse practitioners, clinical nurse specialists, certified nurse midwives, clinical psychologists, clinical social workers, physical therapists and occupational therapists all have their own benefit categories and may provide services without direct physician supervision and bill directly for these services. When their services are provided as auxiliary personnel (see under direct physician supervision, they may be covered as incident to services, in which case the incident to requirements would apply.

For purposes of this section, physician means physician or other practitioner (physician, physician assistant, nurse practitioner, clinical nurse specialist, nurse midwife, and clinical psychologist) authorized by the Act to receive payment for services incident to his or her own services.

To be covered incident to the services of a physician or other practitioner, services and supplies must be:

- An integral, although incidental, part of the physician's professional service (see §60.1);
- Commonly rendered without charge or included in the physician's bill (see §60.1A);
- Of a type that are commonly furnished in physician's offices or clinics (see §60.1A);
- Furnished by the physician or by auxiliary personnel under the physician's direct supervision (see §60.1B).

B - Institutional Setting

Hospital services incident to physician's or other practitioner's services rendered to outpatients (including drugs and biologicals which are not usually self-administered by the patient), and partial hospitalization services incident to such services may also be covered.

The hospital's A/B MAC (A) makes payment for these services under Part B to a hospital.

60.1 - Incident To Physician's Professional Services

(Rev. 1, 10-01-03)

B3-2050.1

Incident to a physician's professional services means that the services or supplies are furnished as an integral, although incidental, part of the physician's personal professional services in the course of diagnosis or treatment of an injury or illness.

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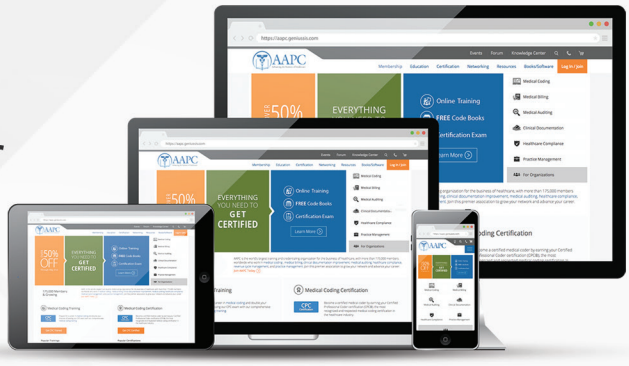

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