

Modifier -25 Victory, But the Battle Is Not Over

Howard W. Rogers, MD, PhD

PRACTICE POINTS

- Insurers are increasingly targeting modifier -25 for audits and payment reductions.
- Physicians should understand modifier -25 documentation requirements and self-audit to ensure compliance.

On February 23, 2018, Anthem Insurance Companies, Inc, announced the reversal of its proposed policy to reduce reimbursement for evaluation and management (E/M) services billed using modifier -25.¹ This win for physicians was the result of a broad-based, multipronged advocacy campaign, and the American Academy of Dermatology Association (AADA) was critical to this victory.

Dermatology Took the Lead in Opposing Policy That Would Reduce Reimbursement

Dermatology was the first to trumpet the dangers of modifier -25 reduction policies and explain why other specialty societies should care. The AADA took the lead in assembling a coalition of physician groups to oppose the proposed policy by sharing language for opposition letters and meeting talking points with many societies outside of dermatology as well as producing the first draft for the American Medical Association (AMA) House of Delegates' resolution that spurred action against Anthem's proposed policy.² Members of the AADA attended numerous conference calls and in-person meetings with health insurance officials to urge them to reverse the policy and helped coordinate opposition from state and national specialty societies. The influence and advocacy of the AMA was critical in reversing the proposed policy, but

dermatology started the opposition and organized the players to bring the fight against Anthem.

AADA Continues to Fight

Despite the victory against Anthem, challenges to fair reimbursement of modifier -25 claims are ongoing. Two insurers recently announced implementation of new modifier -25 reduction policies.^{3,4} Moreover, 4 other insurers have existing modifier -25 reduction policies in place.⁵⁻⁸ The AADA has engaged, and will continue engaging, each of these insurers with the message that the ability to perform procedures and distinct E/M services on the same day is integral to efficient, patient-centered care of dermatologic diseases. The AADA argues that insurers' rationale (overlapping indirect practice expenses) for payment reduction is improper and that appropriately documented modifier -25 claims should be reimbursed at 100% of allowable charges.

In addition to the existing insurer policies affecting modifier -25, Anthem has announced that it plans to conduct audits of modifier -25 claims with recoupments of inappropriate charges.¹ Some Medicare Administrative Contractors also have cited modifier -25 as an area of concern and issued guidelines for reporting modifier -25, which frequently precede audits.⁹ The AADA is concerned

RELATED CONTENT ONLINE

Modifier -25 Use in Dermatology

>> <http://bit.ly/2L77Sfb>

One Diagnosis and Modifier -25: Appropriate or Audit Target?

>> <http://bit.ly/2Jh1i8C>

From *Advanced Dermatology*, Norwich, Connecticut.

The author reports no conflict of interest.

Correspondence: Howard W. Rogers, MD, PhD, 111 Salem Turnpike, Ste 7, Norwich, CT 06360 (rogershoward@sbcglobal.net).

that if Anthem follows through with its aggressive audits to recoup money, which can result in substantial take-backs, and finds a high error rate in modifier -25 claims, it also may consider revisiting its reduction policy. Moreover, it is likely that other insurers will use failed modifier -25 audits as an excuse to continue, expand, or adopt modifier -25 reduction policies. It is clear that blanket reduction in payment is much easier and less expensive for insurers than auditing medical records and not paying those who abuse modifier -25. As long as insurers are under financial pressure, modifier -25 will be a tempting target for reducing health care costs.

How to Use Modifier -25 Correctly

In addition to opposing inappropriate reimbursement of modifier -25, the AADA is committed to educating its members and insurers on the correct use and documentation of modifier -25. In December 2017, Mollie A. MacCormack, MD (Nashua, New Hampshire), and I led an educational webinar on modifier -25 for more than 1100 attendees.¹⁰ We discussed the performance standards and documentation requirements of modifier -25. It was clear that dermatologists were interested not only in the correct coding of modifier -25 claims but also avoiding the consequences of audits.

My peers frequently ask, "What can we [dermatologists] do to prepare for potential modifier -25 audits?" My advice is always, "Physician audit thyself." I recommend self-auditing to make sure you and your practice are in compliance with modifier -25 documentation requirements. In a March 2017 *Cutis* column on modifier -25, I discussed what constitutes separate and distinct E/M services and what is included in a procedure's global surgical package.¹¹ A self-audit is as simple as pulling 10 to 20 medical records in which a same-day procedure and E/M service were billed. Cross out any information in the note included in the procedure's global surgical package including history associated with establishing the diagnosis, physical examination of the procedure area(s), and discussion of treatment options. If complete documentation for an E/M is still present after removing the procedure and associated evaluation, you have passed the self-audit. If not, consider changing your coding to better reflect the documentation in your records. In my experience, insurance auditors are not physicians and often are not even medical professionals. Clear documentation and clear existence of a separate, distinct, and medically necessary E/M service is needed to succeed in a modifier -25 audit.

Final Thoughts

Dermatologists should rejoice that Anthem decided to rescind its modifier -25 policy. If this policy had gone into effect, the modifier -25 reduction would likely have spread to most other insurers as industry standard. This victory certainly shows what can be accomplished when

organized medicine works together. Your state dermatology and medical societies, national societies, and the AMA collaborated on a critical existential threat to cost-effective and efficient patient care and won. These organizations deserve your membership and support as well as your thanks; however, our celebration must be short-lived, as there still are other insurers with modifier -25 reductions in place, and audits have been promised. We must continue to focus on proper use and documentation of modifier -25. This effort will not only help dermatologists decrease the risk of large recoupments from audits but also help the AADA continue to oppose inappropriate payment policies.

REFERENCES

1. Anthem Insurance Companies, Inc. *Network Update*. April 2018. https://www11.anthem.com/provider/ct/t5/s1/t0/pw_g334020.pdf?refer=ahpprovider&state=ct. Accessed May 25, 2018.
2. American Academy of Dermatology, American Society for Dermatologic Surgery Association, American College of Mohs Surgery, American Society of Dermatopathology, Society for Investigative Dermatology. Opposition to reduced payment for the 25 modifier. <https://www.ama-assn.org/sites/default/files/media-browser/public/hod/i17-808.pdf>. Accessed May 14, 2018.
3. We're changing the payment policy when evaluation and management services are billed with surgery. Blue Cross Blue Shield of Michigan website. https://www.bcbsm.com/newsletter/therecord/2018/record_0418/Record_0418u.shtml. Published April 2018. Accessed May 14, 2018.
4. Centene Corporation. Payment policy: problem oriented visits billed with surgical procedures. [https://www.superiorhealthplan.com/content/dam/centene/Superior/Provider/PDFs/Problem%20Oriented%20Visits%20Billed%20with%20Surgical%20Procedures%20\(Ambetter%20MMP%20and%20Medicare%20Advantage%20Only\).pdf](https://www.superiorhealthplan.com/content/dam/centene/Superior/Provider/PDFs/Problem%20Oriented%20Visits%20Billed%20with%20Surgical%20Procedures%20(Ambetter%20MMP%20and%20Medicare%20Advantage%20Only).pdf). Accessed May 14, 2018.
5. Blue Cross Blue Shield of Rhode Island. *Payment Policy: Coding and Payment Guidelines*. August 16, 2016. <https://www.bcbsri.com/sites/default/files/polices/Coding-and-Payment-Guidelines-Oct2016.pdf>. Accessed May 9, 2018.
6. Modifier payment policy. Tufts Health Plan website. <https://tuftshealthplan.com/documents/providers/payment-policies/modifier-payment-policy>. Updated November 2017. Accessed May 14, 2018.
7. Harvard Pilgrim Health Care. *Payment Policies: Evaluation and Management*. February 2018. https://www.harvardpilgrim.org/pls/portal/docs/PAGE/PROVIDERS/MANUALS/PAYMENT%20POLICIES/H-2%20EVALUATION-MGT_020118.PDF. Accessed May 25, 2018.
8. Updates to the policies on modifier 25 reporting and reimbursement. Independence Blue Cross website. <http://provcomm.ibx.com/ProvComm/ProvComm.nsf/4bcc623b93e226638525792c00575962/bbe9e72728cc01e285258167005c629d!OpenDocument>. Published July 24, 2017. Accessed May 14, 2018.
9. Centers for Medicare & Medicaid Services. Payment for evaluation and management services provided during global period of surgery. *MLN Matters*. May 19, 2006. <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/MM5025.pdf>. Accessed May 14, 2018.
10. Audits on modifier 25 are coming—complimentary live webinar. American Academy of Dermatology website. <https://store.aad.org/products/11928>. Accessed May 9, 2018.
11. Rogers HW. One diagnosis and modifier -25: appropriate or audit target? *Cutis*. 2017;99:165-166.