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**January 14, 2011**

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## OIG Reports Ambulatory Surgical Centers Incorrectly Billed for Skilled Nursing Facility Bundled Services

By: [Christopher P. Dean](#)

The Office of Inspector General (OIG) recently released an [audit of ambulatory surgical center \(ASC\) services \[PDF\]](#) provided to skilled nursing facility (SNF) residents that were billed to Medicare Part B and concluded that 100% of the services were billed, and reimbursed, incorrectly. The OIG audited 100 claims for bundled services provided by ASCs from CYs 2006 through 2008 to SNF residents during their Part A covered stays. The OIG concluded that these samples represented overpayments by Medicare Part B of \$102,879 to the ASCs.

The OIG concluded that Medicare had paid twice for these services. First, the prospective payment system for SNFs requires that SNFs furnish, and be reimbursed for, almost all services provided to Medicare residents during Part A covered stays. Accordingly, Medicare Part A reimbursed the SNF for these bundled services as part of the SNF resident's covered stay. Medicare Part B paid for these services a second time after each ASC billed Medicare Part B for the services. The OIG concluded that the ASCs should have billed each resident's SNF, in each case, as part of a bundled service from a covered stay.

The Balanced Budget Act of 1997 (BBA) required the bundling of almost all SNF services provided to a Medicare beneficiary during a Part A covered stay. Accordingly, suppliers and providers that provide services to such beneficiaries are prohibited from billing Part B. Medicare Part A's consolidated billing rules require that the SNF be reimbursed by Part A and that the supplier or provider seek reimbursement from the SNF for the services.

Bundled services, and the appropriate billing of such services which are provided by suppliers and providers to SNF residents pursuant to a covered stay, have been a recurring topic of numerous CMS transmittals and OIG audits after the BBA. The

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OIG has estimated that it has identified approximately \$457 million in potential overpayments from bundled services billed inappropriately to Medicare Part B.

#### **Ober|Kaler's Comments**

ASCs may see increased scrutiny of their past billing by Recovery Audit Contractors (RACs) and Medicare Administrative Contractors (MACs) for bundled services provided to SNF residents pursuant to Part A covered stays, because CMS reported that it would forward the OIG's entire sample size of the 20,906 services in CYs 2006 through 2008, to the RACs and MACs for review.

Prospectively, ASCs (and other suppliers and providers) should be mindful of patients referred for services by a SNF. ASCs should advise their billing agents that bundled services should be billed to the SNF and not directly to Medicare Part B. This ASC billing confusion may arise in part because physician services are excluded from consolidated billing and should be billed to Part B.

ASCs should also have an under arrangement agreement between the ASC and the SNF that states the services provided to SNF residents and the parties billing and reimbursement relationship. CMS has posted template arrangements at [www.cms.gov/snfpps/08\\_bestpractices.asp](http://www.cms.gov/snfpps/08_bestpractices.asp) that should be modified as necessary to meet individual ASC needs, depending on the frequency of the services, payment history by the SNF and other factors.

Although CMS reported an edit to the Common Work File that would prevent Medicare Part B from reimbursing such Medicare Part B claims after July 6, 2010, an ASC's collections should be improved if the services were correctly identified by the ASC as bundled services and billed to the SNF in the first instance. An ASC that bills these services to the SNF in the first instance would be able to collect for those services earlier than an ASC that bills Medicare Part B incorrectly and then learns of the mistake some time afterwards when the MAC refuses to pay the claim.

Although PQRS remains a voluntary program, all eligible Medicare practitioners should begin reporting quality measure data by 2015 to avoid the penalty.