

REIMBURSEMENT ISSUES



THIRD-PARTY REIMBURSEMENT FOR PAs

Physician assistants (PAs) work with physicians to ensure the best possible care for patients in every practice setting. Their rigorous medical education, versatility and commitment to personalized care help practices function more efficiently while providing increased revenues and enhanced continuity of care to patients.¹⁻⁴ Medical and surgical services delivered by PAs are covered by Medicare, Medicaid, TRICARE and nearly all private payers. It is important to verify each payer's coverage policies for PAs.

There are several types of third-party reimbursement available for PAs. These third parties include private insurers and government-funded public payers, such as Medicare, Medicaid and TRICARE. Each payer has its own guidelines regarding service coverage and payment.

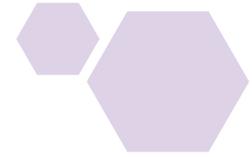
Congress incrementally expanded Medicare Part B payment for services provided by PAs, authorizing coverage in hospitals, nursing facilities, rural Health Professional Shortage Areas and for first assisting at surgery. In 1997, the Balanced Budget Act extended coverage to all practice settings at one uniform rate.

MEDICARE COVERAGE FOR PAs

The first Medicare coverage of physician services provided by PAs was authorized by the Rural Health Clinic Services Act in 1977. In the following two decades,

As of January 1, 1998, Medicare pays the PA's employer for medical and surgical services provided by PAs in all settings at 85 percent of the physician's fee schedule. Settings include hospitals (inpatient, outpatient, operating room and emergency departments), nursing

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facilities, offices, clinics, the patient's home and first assisting at surgery. For payment, the claim is submitted at the full physician rate; the PA's National Provider Identification (NPI) number on the claim alerts Medicare to reduce the payment to 85 percent of the physician's fee schedule.

Hospitals that employ PAs must bill for their clinical services under Medicare Part B. Further, PA salaries may not be included in the hospital's cost reports unless the PA is providing administrative duties.

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Services provided in offices and clinics may be billed under Medicare's "incident to" provision, as long as Medicare's more restrictive billing guidelines are met. This provision allows payment at 100 percent of the fee schedule if:

1. the physician is physically on site when the PA provides care
2. the physician personally treats and establishes the diagnosis for Medicare patients on their first visit for a particular medical problem (PAs may provide the subsequent care); and



3. established Medicare patients with new medical problems are personally treated and diagnosed by the physician (PAs may provide the subsequent care).

Medicare rules require that physicians maintain medical oversight of all patients and that they demonstrate ongoing involvement in patient care. This involvement can include personally treating the patient on a subsequent visit to the practice or reviewing the patient's chart with the PA following a PA-provided visit. In the hospital setting, PAs and physicians can follow Medicare shared visit rules and are thereby able to combine on one claim the services each delivers to the same patient on the same calendar day. The claim is then submitted under the physician's name and NPI. Medicare also requires that the PA and the physician have a common employer, meaning both must be employed by the same practice, group, hospital or corporate entity.

PAs may be W-2, leased employees or independent contractors. The employer, however, must still bill Medicare for the services provided by the PA.

All health care professionals who transmit or receive health care information electronically must have an NPI number. The NPI number is the identification number used by public and private third-party payers. It replaces Medicare's PIN, UPIN and the various provider numbers issued by all other payers. An NPI number can be obtained at <https://nppes.cms.hhs.gov>.

PAs who treat Medicare patients should enroll in the Medicare program by submitting an 855i application to their local Medicare carrier or Medicare administrative contractor. Medicare requires that health care professionals have an NPI number before enrolling in the program. Often, the practice manager or the practice's billing personnel will assist in obtaining the PA's NPI number and enrolling in Medicare.

If a state-approved corporate entity (e.g., professional medical corporation) qualifies as a provider of Medicare services, then the Centers for Medicare and Medicaid Services (CMS) will allow PAs to have up to a 99 percent ownership interest in that corporation. The remaining 1 percent may be owned by anyone who is not a PA, as allowed by state law. Efforts are underway to change Medicare's guidelines to allow



PAs to have 100 percent ownership of a state-approved corporation.

MEDICAID COVERAGE

Currently, all 50 states and the District of Columbia cover medical services provided by PAs under their Medicaid fee-for-service or Medicaid managed care programs. The rate of reimbursement is either the same as or slightly lower than that paid to physicians. For more detailed Medicaid-specific information, visit AAPA's Resources page at www.aapa.org/advocacy-and-practice-resources/reimbursement/medicaid/624.

TRICARE

TRICARE covers all medically necessary services provided by a PA. The PA must be supervised in accordance with state law, and the supervising physician must be an authorized TRICARE provider.

The employer must bill the appropriate TRICARE program for the services provided by the PA. Reimbursement for services provided by PAs under TRICARE Standard, the fee-for-service program, is 85 percent of the allowable fee for comparable services rendered by a physician in a similar location; reimbursement for assisting at surgery is 65 percent of the physician's allowable fee for comparable services.

PAs are also eligible providers of care under TRICARE's two managed care programs, TRICARE Prime and TRICARE Extra. TRICARE Prime is similar to a health maintenance organization. TRICARE Extra is comparable to a preferred provider organization in which practitioners agree to accept a predetermined discounted fee for their services.

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PRIVATE INSURANCE

Nearly all private payers cover medical and surgical services provided by PAs. Some payers will separately credential and/or enroll PAs. Others require that services delivered by PAs are billed under the name and NPI number of the PA's supervising physician. There is no direct relationship between PAs being credentialed or enrolled with a particular payer and payment for medically necessary services provided by PAs. Payment for services provided by PAs is typically made regardless of whether payers separately credential PAs.

Further, private health insurance companies do not necessarily follow Medicare's coverage policy rules.

As private entities, they are able to establish their own rules and procedures. The potential variation in policy among insurance companies makes it imperative that practices contact each company to verify the specific payment and coverage policies for PAs. Even within the same insurance company, PA coverage policies can change slightly based on the particular plan that an individual or group has selected, the specific type of service being provided and the state in which the service is delivered.

AAPA has extensive information about private payer policies available at www.aapa.org/advocacy-and-practice-resources/reimbursement/payer-profiles.





When a private payer asks for the service to be billed under the name of the supervising physician, it does not necessarily mean that the payer is suggesting that the rules of Medicare’s “incident to” billing be utilized. Often payers will defer to state law supervision requirements, even when the PA’s services are billed under the name and NPI number of the supervising physician.

ADDITIONAL RESOURCES

For more information about third-party payment, visit AAPA’s Reimbursement page at www.aapa.org/advocacy-and-practice-resources/reimbursement, or contact Andrew Iwanik at 703-836-2272 ext. 3218 or Tricia Marriott at 703-836-2272 ext. 3219.

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- ² Medical Group Management Association (2009). *Physician compensation and production survey: 2009 report based on 2008*. Englewood, CO: Medical Group Management Association.
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- ⁴ Reines, H.D., Robinson, L., Duggan, M., O’Brien, B.M., & Aulenbach, K. (2006). Integrating midlevel practitioners into a teaching service. *The American Journal of Surgery*, 192, 119-124.



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