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A Good Reminder That It's All About Medical Necessity When Billing for Diagnostic Services

CMS initiated the Targeted Probe and Educate (TPE) process in October, 2017, through which providers are identified as high risk for improper payments when their billing patterns and/or claims denial rates vary significantly from their peers. Once a provider is identified as an "outlier," the process begins with a review of 20-40 of his/her claims and their supporting documentation, followed by the offer of individualized education if indicated by the results of the review. This review-and-education process can be repeated two more times (for a total of three rounds), if necessary, as the provider incorporates the recommended corrections into his/her billing practices.

The precursor to TPE was the Probe and Educate Program (P&E) that looked at all providers that billed a particular service. The TPE process streamlined the intent and scope of such reviews by using data analysis to focus on those providers who present the most risk to the Medicare program rather than all providers billing a particular service. Clinicians providing ambulance services, critical care, emergency services, laboratory services and hospital and office visits were identified and reviewed as part of CGS's TPE process for the time period of April 1, 2018 through June 30, 2018.

While the TPE process is specific to each clinician, the findings and resources provided are good to know for any clinician rendering the same service(s). The resources of the recent TPE for lab services, mentioned above, are a useful reminder of the documentation and billing requirements that labs must have in place to justify payment for medically necessary services. For example:

- The Lab Services/Orders Documentation Checklist Tool provides an easy list of steps to ensure that the needed documentation exists for each order. It is important to remember that while these requirements bear heavily on the ordering provider, the lab, in billing for the tests it performs, is equally responsible for demonstrating medical necessity for those tests. This is most easily accomplished through the use of an effective requisition form that starts with requiring a specific diagnosis for each test ordered.

As part of our service, the APS coding team performs ongoing reviews of our client's coding and documentation practices to limit audit liability and promote optimal charge capture. Additionally, our June 2018 white paper How Well Do You Know CMS's Medical Necessity Rules for Clinical Laboratory Tests? provides a comprehensive overview of the standards that CMS has in place for clinical labs, and guidance for incorporating them into the lab's daily workflow processes.

As always, please contact your APS Practice Manager with any questions.

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