

# The MAC–CMS Disconnect

With teleradiology increasingly a factor in the delivery of radiology services, practices need more clarity from CMS on the place-of-service requirements



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As we previously reported,<sup>1</sup> last fall, CMS published its supposedly final guidance<sup>2</sup> on place-of-service requirements for the professional and technical components of diagnostic tests. Transmittal 2563 (later replaced by Transmittals 2613 and 2679) revised the instructions contained in chapter 13 of the CMS manual system for Medicare claims processing. The most recent transmittal became effective on April 1, 2013. On April 25, CMS issued a frequently asked question (FAQ)<sup>3</sup> set to respond to additional concerns about the place-of-service instructions. Among other clarifications in the FAQ list, CMS reported that it will be developing a national enrollment policy for telehealth and telemedicine services.

The transmittal's guidance contained instructions for when global billing is and is not permitted. It also required the address and zip code of the interpreting physician to be placed on the 1500 claim form or its electronic equivalent.

It is regrettable that the transmittal also reaffirmed the CMS payment-jurisdiction rules. CMS stated that claims for interpretation services should be billed to the Medicare administrative contractor (MAC) responsible for the jurisdiction where the service was furnished (unless the interpretation was performed in an unusual and infrequent location, in which case the claim is to be adjudicated where the physician most commonly practices). The payment-jurisdiction rule is particularly relevant when the professional component is routinely performed in a state (or MAC jurisdiction) that differs from that in which the technical component is performed. This is most often the case in teleradiology and in urban areas that cross state lines.

Since the publication of the transmittal, a number of our clients have attempted to enroll with the MAC where the interpreting physician is located. For various reasons, those attempts have been denied.

We have shared with CMS that when a radiology group attempts to enroll with the MAC with jurisdiction over the place where the radiologist performs interpretation services, representatives of various MACs have indicated a reluctance to accept the home office of the employed radiologist as the practice location of the radiology group on the 855B form. Given that the radiology group's only contact with the state is that radiologist providing remote interpretations, there is no other viable address for the radiology group to list as its practice location within the MAC's jurisdiction.

In addition, some states (such as California) have strict rules prohibiting the corporate practice of medicine. This results in situations where the radiology group's legal entity in not recognized in the state where the employed radiologist resides and remotely interprets tests. For example, an LLP formed in another state can't be registered with the California secretary of state's office to operate a medical corporation.

In California, a physician cannot practice medicine as an LLP; therefore, the out-of-state radiology group would not be eligible for registration with the California secretary of state or the California medical board, but both are steps that the radiology group should take in connection with enrolling with the California MAC (Palmetto). This is just one example of the challenges facing a radiology group enrolling in multiple MAC jurisdictions.

As another example, one of our radiology-group clients has radiologists furnishing interpretation services from locations in six different states, plus the state of its primary domicile: Maryland, Washington, California, Illinois, Colorado, New York, and Connecticut. As a result of the payment-jurisdiction rule, the group is required to enroll with multiple MACs and register to do business in each of these states in order to bill for these professional interpretations. That client has been attempting to enroll with the out-of-state MACs, but it's getting

push back from those MACs. We believe the CMS plan to develop a national enrollment policy for telehealth and telemedicine services to be an encouraging development.

## AN ALTERNATIVE APPROACH

We have offered an alternative suggestion to CMS that would be far simpler, administratively, than the current MAC jurisdiction requirements. We are recommending the use of zip-code billing to one's local MAC using the same approach that had been used from 2005 through 2010, when CMS permitted radiology groups and imaging centers to submit claims to their local MACs for purchased interpretation services.

Under that approach, the IDTF billing for the out-of-state service reported the interpreting physician's zip code in order to match the appropriate geographical practice-cost indices (GPCIs). This concept was limited to antimarkup tests with the publication of antimarkup payment instructions<sup>4</sup> in 2010. Until that time, the MACs had access to a common working file that allowed them to pay in accordance with the correct GPCI for the interpretation service, based on the zip code in which it was performed.

We hope that CMS will apply this simple and straightforward billing concept to the adjudication of all reassigned claims for interpretation services, subject to the new zip-code billing instructions, so that the MACs can easily and quickly adjudicate interpretations performed across state lines. Something as basic as this would go a long way toward alleviating the problems that the recent changes in claims-processing instructions have introduced. [RBJ](#)

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