## Referral of Patients and Ordering of Services/Items

Physicians sometimes need to refer patients for specialized medical care or to receive certain diagnostic tests or supplies. In such cases, physicians should consider the following:

- Implement a process to ensure that only the ordered services or tests were rendered. For example, when reviewing the results of diagnostic tests, note whether the other provider performed additional or more complex tests than those ordered. The ordering physician's PIN must be protected against misuse.
- Whenever possible, specify the reason for ordering the services. If diagnostic tests are ordered as part of a routine physical exam, include that fact with the referral. Physicians should not empower the other provider who files the Medicare claim to determine why the tests were needed.
- *Never sign blank certification forms* that are used by other providers to justify Medicare payment for oxygen, home health services, wheelchairs, hospital beds, prosthetic devices, etc. Be sure to personally complete all medical information on such forms. Demographic information, such as patient name and address should be fully completed by the supplier or physician.
- Medical services, supplies, and devices are sometimes aggressively marketed to beneficiaries, with little regard for the medical condition, examples include: transcutaneous electrical nerve stimulator devices and power operated scooters. While these devices are helpful for some beneficiaries, physicians should use extreme caution when prescribing or ordering them, due to the creative ways they are sometimes marketed. Medicare can pay for items or services that are reasonable and medically necessary. Certification forms include helpful information about eligibility for the service or product being prescribed.
- Where applicable, specify the quantity of medical supplies or the duration of services needed for a patient. *An open-ended certification is like giving someone a blank check.* Recent cases show Medicare being billed by suppliers providing items that were, in fact, certified by a physician but delivered in staggering quantities.
- Be suspicious of offers, discounts, free services, or cash to order services. *If a deal sounds too good to be true, it probably is.* Physicians should contact the OIG or a healthcare attorney if they believe a business arrangement places them at risk. The penalties for violating Medicare's Anti-Kickback Statutes can be severe.
- *Never* certify the need for medical services or supplies for patients who have not been seen and examined.

## For More Information

For more information please contact your local Medicare contractor. You may visit the following website: www.cms.hhs.gov/medlearn/tollnums.asp to find your Medicare contractor's toll-free customer service number.

## The Medicare Learning Network (MLN)

The Medicare Learning Network (MLN) is the brand name for official CMS educational products and information for Medicare providers. Please visit the MLN website at www.cms.hhs.gov/medlearn for access to other educational products such as web-based training courses, Medlearn Matters articles, brochures, fact sheets and more.

Medicare Learning Network

September 2004

## Overview

This brochure highlights some of the steps Medicare physicians and other suppliers can take to protect their practices from inappropriate Medicare business interactions.

## Obtaining a Medicare Billing Number

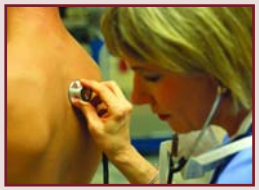
To bill Medicare, physicians and other suppliers must first obtain a Medicare billing number referred to as a Provider Identification Number (PIN). To obtain a PIN physicians and other suppliers must complete the appropriate CMS 855 form (provider/supplier enrollment application) and submit it to the Medicare contractor. The PIN is used to bill Medicare for services or items furnished. Physician/suppliers should protect their PIN like a credit card number and ensure that others do not use it to bill Medicare without their knowledge. Any misuse of the PIN should be reported immediately.

## Closing, Relocating, Change in Status, or Changes in Members

Physicians and other suppliers are required to contact the Medicare contractor to update records, if they decide to close or move their practice or change members of a group within 90 days of the change. PINs must be updated in Medicare's database so that another physician or entity cannot use it. Additional information regarding application for billing numbers, adding/deleting group members, or changes to address is available through the CMS website at www.cms.gov/providers/enrollment or can be obtained by contacting the local Medicare contractor's toll-free customer service number.

## Reassignment of Benefits

Generally speaking, Medicare pays the physician who performed the service. In certain situations, however, Medicare will allow the performing physician to reassign Medicare payments to another qualified physician or entity. This is called reassignment of benefits and requires that various forms be completed, signed, and returned to the Medicare contractor.



A fully executed Reassignment of Benefits form (CMS 855R) is powerful because it allows another qualified person or entity to bill Medicare on the physician's behalf and receive payment that otherwise would have been sent directly to the physician. If a physician has authorized someone else to bill and be paid by Medicare for services that he or she renders, the physician retains responsibility for ensuring that such billings are appropriate and reflect services actually performed.

## Revoking Reassignment of Benefits

Physicians should notify Medicare as soon as reassignment agreements become outdated or are no longer valid, since failure to do so allows the previous entity to continue billing Medicare. Physicians and suppliers may formally revoke reassignment agreements by completing and submitting the appropriate CMS 855 form to the Medicare contractor.

## Hiring Someone to Prepare Claims

Some physicians and suppliers find it helpful to obtain the assistance of a billing service or consultant to submit their Medicare claims. While such entities can provide valuable services, physicians/suppliers must clearly understand that delegating this process does not relieve them from responsibility for overpayments received due to claims filed on their behalf. Therefore, physicians/ suppliers should get involved and oversee their billing service or staff. Additionally, before hiring a service or consultant, physicians/suppliers should carefully check references and ensure that the service or consultant:

- Provides periodic reports of claims billed on the physician's behalf and, if the billing service receives the Medicare payments, it should be able to provide data regarding how much Medicare paid.
- Protects the physician's PIN and any other information used to act on the physician's behalf.
- Does not change procedure codes, diagnosis codes, or other information furnished by the physician without the physician's knowledge and consent.
- Keeps the physician informed of all correspondence received from Medicare.

Physicians should review information submitted by a billing service or consultant regularly to ensure consistency with their records. They should also keep complete administrative records for the claims a billing service files on their behalf.

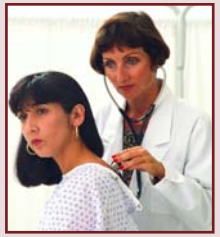
## Hiring Employees

The physician is responsible for the actions of his or her billing staff. Therefore, physicians should perform background checks before hiring new employees and conduct periodic quality checks of sensitive processes, such as the posting of account receivables.

## Contractual Arrangements

Numerous legal and compliance factors must be considered when contracting with individuals, other entities, billing services, or consultants. The following questions should be considered when planning contractual arrangements:

- What types of agreements and paperwork must be executed between the physician and the other parties?
- Are any agreements/paperwork required between the physician and the insurance companies?
- Do the agreements made between the physician and the other parties conform to ethical standards?



Contracts must be examined in light of confidentiality obligations, including those defined in the Health Insurance Portability and Accountability Act (HIPAA) of 1996. Therefore, physicians should consult with a healthcare attorney when considering a contractual arrangement. Additionally, physicians may obtain information on contractual arrangements by reviewing requirements published by the Medicare Contractor, CMS, or the SSA.