

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1168	Date: JANUARY 26, 2007
	Change Request 5221

SUBJECT: Direct Billing and Payment for Non-Physician Practitioner Services Furnished to Hospital Inpatients and Outpatients

I. SUMMARY OF CHANGES: The intent of the change to this instruction is to clarify policy on how the professional services of nurse practitioners (NPs), clinical nurse specialists (CNSs) and physician assistants (PAs) should be billed to Medicare when furnished to hospital patients (inpatients and outpatients). Accordingly, a paragraph containing outdated and erroneous policy that requires hospitals to bill for NP and CNS professional services will be removed.

New / Revised Material

Effective Date: April 26, 2007

Implementation Date: April 26, 2007

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
R	12/Table of Contents
R	12/120/120.1/Direct Billing and Payment for Non-Physician Practitioner Services Furnished to Hospital Inpatients and Outpatients.

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2007 operating budgets.

IV. ATTACHMENTS:

Business Requirements

Manual Instruction

**Unless otherwise specified, the effective date is the date of service.*

Attachment - Business Requirements

Pub. 100-04	Transmittal: 1168	Date: January 26, 2007	Change Request: 5221
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SUBJECT: Direct Billing and Payment for Nonphysician Practitioner Services Furnished to Hospital Inpatients and Outpatients

I. GENERAL INFORMATION

A. Background: Section 4511(a)(2)(B) of the Balanced Budget Act of 1997 amended §1861(b)(4) of the Social Security Act to exclude the professional services of nurse practitioners (NPs), clinical nurse specialists (CNSs) and physician assistants (PAs) from hospital services. Accordingly, effective January 1, 1998, NPs and CNSs are authorized to bill the program directly for their professional services when furnished to hospital patients (inpatients and outpatients). The employer of a PA, must bill the program for their professional services when furnished to hospital patients. No longer are hospitals required to bill for the professional services of NPs and CNSs. Also, hospitals should not bill for the professional services of a PA unless the PA is employed by the hospital.

B. Policy: This policy is in accordance with §1861(b)(4) of the Social Security Act.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		F I	R H I	C H I	D R C	Shared System Maintainers				Other
					F I S S	M C S	V M S	C W F		
5221.1	Effective January 1, 1998, carriers shall pay for the professional services of nurse practitioners and clinical nurse specialists furnished to hospital inpatients and outpatients that they bill directly under their respective Medicare billing number or NPI, once it becomes effective.			x						
5221.2	Effective January 1, 1998, carriers shall pay the employer of a physician assistant for the professional services of the physician assistant furnished to hospital inpatients and outpatients under the physician assistant's Medicare billing number or NPI, once it becomes effective.			x						

						F I S S	M C S	V M S	C W F	
5221.6	<p>A provider education article related to this instruction will be available at www.cms.hhs.gov/MLNMattersArticles shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv.</p> <p>Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic.</p> <p>Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.</p>			x						

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

V. SCHEDULE, CONTACTS, AND FUNDING

<p>Effective Date*: April 26, 2007</p> <p>Implementation Date: April 26, 2007</p> <p>Pre-Implementation Contact(s): Regina Walker-Wren</p> <p>Post-Implementation Contact(s): Regional Offices</p>	<p>No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.</p>
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Medicare Claims Processing Manual

Chapter 12 - Physicians/Nonphysician Practitioners

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(Rev.1168, 01-26-07)

[Transmittals for Chapter 12](#)

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120.1 Direct Billing and Payment *for Nonphysician Practitioner Services
Furnished to Hospital Inpatients and Outpatients*

120.1 - Direct Billing and Payment for Nonphysician Practitioner Services Furnished to Hospital Inpatients and Outpatients

(Rev.1168, Issued: 01-26-07, Effective: 04-26-07, Implementation: 04-26-07)

Prior to January 1, 1998, direct billing and payment for *nurse practitioner (NP)*, *clinical nurse specialist (CNS)*, and *physician assistant (PA)* services to hospital inpatients and outpatients was available only in limited circumstances, as follows:

- Payment for *the professional services of NPs and CNSs to outpatients of a hospital located in an urban area was made to the NP's or CNS's employer;*
- Payment for *the professional services of NPs and CNSs to outpatients of a hospital located in a rural area was made either directly to the NP or CNS or to the NP's or CNSs' employer; and*
- *Payment to the employer of a PA for the professional services of a PA to outpatients of a hospital located in rural and urban areas and in designated health professional shortage areas (HPSAs).*

Even though payment could be made for PA professional services to hospital outpatients, payment for PA services is never made directly to the PA. Rather, payment for PA services must be made to the PA's employer. Also, no separate payment was made for the professional services of NPs, CNSs, and PAs furnished to hospital inpatients because these services to hospital inpatients were bundled into the payment that hospitals received for "hospital services" and billed under the hospital's cost report.

Effective *on January 1, 1998 and after* , restrictions were removed on the type of areas and settings in which the professional services of NPs, CNSs, *and PAs* are paid *under Medicare*. *Additionally, payment for the professional services of NPs, CNSs and PAs is unbundled when furnished to both hospital inpatients and outpatients. (However, hospitals are required to bill their fiscal intermediary for the facility fee associated with the provision of these nonphysician practitioner's professional services in the hospital setting.)*

Accordingly, direct billing and payment for the professional services of NPs and CNSs furnished to hospital patients (inpatients and outpatients) must be made to the NP or the CNS. However, if NPs or CNSs reassign payment to the hospital for their professional services to hospital patients, payment must be made to the hospital for these services at 85% of the physician fee schedule. Payment for NP and CNS services is made only on an assignment-related basis.

The employer or contractor of a PA must bill the Part B carrier for the professional services of PA's furnished to hospital patients and payment is always made to the PA's employer or contractor at 85% of the physician fee schedule. Since PAs cannot bill the program directly for their professional services, they do not have the option to reassign payment for their professional services to their employer or contractor. However, in the case where a hospital is the PA's employer or contractor, the hospital must bill the program for the PA's professional services furnished to its patients. Payment for PA services is made only on an assignment-related basis.

NPs are identified on the provider file with specialty code 50. CNSs are identified on the provider file by specialty *code 89*. *PAs are identified on the provider file by specialty code 97*.