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CLIENT ADVISORY

March 27, 2013

The Edits Are Coming! CMS Implementation of the “Ordering/Referring Rule” Set to Begin on May 1, 2013

Effective in less than six weeks from now, on May 1, 2013, Centers for Medicare/Medicaid Services (“CMS”) contractors will begin to deny claims for ordered imaging, clinical laboratory services, DMEPOS items, and Part A and Part B home health services where the NPI number of the ordering or referring physician or non-physician practitioner is not in the Provider, Enrollment, Chain, and Ownership System (“PECOS”). Pursuant to Section 6402(a) of the Patient Protection and Affordable Care Act, CMS requires all physicians and non-physician practitioners who are eligible to render and/or order items or services, or refer Medicare beneficiaries to other Medicare providers or suppliers for services, to have current enrollment records in the PECOS system. This rule is called the “Ordering/Referring Rule.”¹

CMS delayed activation of the system edits to implement the automatic denials. But according to a recently published MLN Matters (SE 1305), effective May 1, 2013, CMS will turn on edits to deny Part B, DMEPOS and Part A home health

claims that fail to comply with the “Ordering/Referring Rule.” To help providers determine their compliance status, CMS has posted a list of physicians and non-physician practitioners with valid PECOS records on its website so providers can verify the status of individuals who order or refer to their organization. See <http://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/MedicareProviderSupEnroll/MedicareOrderingandReferring.html>.

Providers should also be aware that a similar “Ordering/Referring Rule” applies to Medicaid claims. Federal regulations mandate that State Medicaid agencies require all claims for payment for items and services that were ordered or referred to contain the NPI of the physician or other professional who ordered or referred such items or services.² The regulations also require all ordering or referring physicians/non-physician practitioners providing services under the State Medicaid plan to be enrolled as participating Medicaid providers.³ In recent provider communication, the Virginia

Department of Medical Assistance Services (“DMAS”) indicated that it is taking steps to implement these rules in the Virginia Medicaid enrollment and screening process. DMAS explained that it is planning to require all ordering, referring and prescribing providers to enroll in the Virginia Medicaid program. This would include hospital-employed practitioners who are currently permitted to use the hospital’s NPI when ordering, referring or prescribing services within the hospital setting.

If you have any questions or need assistance with Medicare enrollment or certification issues please contact Emily Towey (etowey@hdjn.com), Colin McCarthy (cmccarthy@hdjn.com), or Thomas Miller (tmiller@hdjn.com). They can be reached by phone at (866) 967-9604. Additional information about Hancock, Daniel, Johnson & Nagle, P.C., is available on the firm’s website at www.hdjn.com.

¹ See 42 C.F.R. §424.507(c).

² 42 C.F.R. §455.440.

³ 42 C.F.R. §455.410.

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