

OCTOBER 1, 2008

MEDICARE PUBLISHES BILLING EDITS TO REDUCE PAYMENT ERRORS

CMS developed MUEs to reduce the paid claims error rate for Part B claims. The AOA's Correct Coding Trends Committee (CCTC) has been monitoring this since implementation began in January of 2007.

MEDICARE NEWS

For Immediate release
October 1, 2008

Medicare Publishes Billing Edits to Reduce Payment Errors

The Centers for Medicare & Medicaid Services today announced that, beginning October 1, 2008, it will publish most of the edits utilized in its Medically Unlikely Edit (MUE) program to improve the accuracy of claims payments.

“It is always our aim to ensure that CMS pays for appropriate services, at the same time protecting the Medicare Trust funds and the American taxpayer,” said CMS Acting Administrator Kerry Weems. “This program is going to help us dramatically reduce costly payment errors.”

CMS established the MUE program to reduce payment errors for Medicare Part B claims. Claims processing contractors utilize these edits to assure that providers and suppliers do not report excessive services. The edits are applied during the electronic processing of all claims.

These edits check the number of times a service is reported by a provider or supplier for the same patient on the same date of service. Providers and suppliers report services on claims using HCPCS/CPT codes along with the number of times (i.e., units of service) that the service is provided.

Prior studies, including one by the U.S Department of Health and Human Services' Office of the Inspector General in May 2006, identified significant Medicare overpayments because provider or supplier claims sometimes report services with too many units of service. These errors may be caused by numerous factors, including clerical errors and coding errors.

CMS first implemented the MUE program January 1, 2007, with edits for about 2,600 HCPCS/CPT codes. There have been quarterly updates adding additional codes.

The October 1, 2008, version of MUE will contain edits for about 9,700 HCPCS/CPT codes that have been assigned unit values for MUEs. MUEs are cumulative for each quarter. However, CMS will not publish all MUEs on October 1, 2008.

CMS has not yet determined if there have been any savings in the MUE program since it was implemented.

The edits were developed by CMS with the cooperation and participation of national health care organizations representing physicians, hospitals, non-physician practitioners, laboratories, and durable medical equipment suppliers. CMS also utilized claims data in its analysis of MUE.

The edits will be published on the CMS Web site at http://www.cms.hhs.gov/NationalCorrectCodInitEd/08_MUE.asp#TopOfPage.

At the start of each calendar quarter, CMS will publish most MUEs active for that quarter. Although the October 1, 2008, publication will contain most MUEs, additional ones will be published on January 1, 2009. CMS is not able to publish all active MUEs because some are primarily designed to detect and deter questionable payments rather than billing errors. Publishing those MUEs would diminish their effectiveness.