

MODIFIER 26

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As you may know, Ingenix is utilized by a number of payors regarding coding and related matters. Ingenix has taken a position that it is improper to utilize Modifier 26 to bill for the professional component of clinical pathology services. Because Ingenix is used by so many payors, this has translated into a number of payors also taking this position.

We approached the American Medical Association with Dr. Daniel J. Hanson, a representative of the College of American Pathologists, to obtain a statement that Modifier 26 is appropriate for use for professional component of clinical pathology services and that the Ingenix position was, thus, incorrect. The resulting letter is attached.

We believe this represents a very important statement from the AMA and will hopefully act to dissuade payors from taking a negative position with respect to reimbursement for the professional component of clinical pathology services. At a minimum, it should eliminate the one argument that many payors utilize, that such billing is improper under the CPT Manual. Importantly, this letter clarifies that a written professional interpretation is not required in order to bill for these services.

LETTER FROM THE AMERICAN MEDICAL ASSOCIATION (AMA) TO INGENIX

MICHAEL D. MAVES

American Medical Association

Chicago, Illinois

June 23, 2005

Thomas Darr, MD
Chief Medical Officer
Administrative and Transactional Solutions
Ingenix
2525 Lake Park Blvd.
Salt Lake City, UT 84120

Dear Doctor Darr:

The American Medical Association (AMA) has received complaints regarding Ingenix's position on the use of the modifier 26 to report the professional component of pathology and laboratory services. We disagree with your opinion that a written report must be generated by the pathologist in order to append the professional component modifier to pathology and laboratory CPT codes.

From a CPT coding perspective, the use of modifier 26 is required for pathology and laboratory codes 80049-87999 when the physician is reporting only the professional component of laboratory tests. Specifically for pathology and

laboratory services, the modifier 26 can be used for medical direction, supervision and/or interpretation for all laboratory CPT codes. This has always been the AMA's opinion and has been published in the May 1999 *CPT Assistant* newsletter, In using Modifier 26 for pathology and laboratory codes 80049-87999, a written report for an individual patient is not a requirement for having performed a professional component service since it can be reported for medical direction of the tests performed.

Pathologists often bill the professional component of clinical laboratory tests, because they oversee the clinical laboratory and they are responsible for the results. Pathologists in their capacity as medical directors of hospital clinical laboratories provide valuable, necessary medical services for patients. Examples of these services and responsibilities, often called clinical pathology professional component services, include:

- Assuring that tests, examinations, and procedures are properly performed, recorded and reported;
- Recommending appropriate follow-up diagnostic tests, when appropriate;
- Supervising laboratory technicians and advising

(continued on page 12)

(continued from page 11)

technicians regarding aberrant results;

- Evaluating clinical laboratory data and establishing a process for review of test results prior to issuance of patient reports.

To further clarify, it may be useful to review the purpose of the modifier 26. Although the most common example of use of the modifier 26 involves interpretation of a procedure which may generate a written report, it is not limited to this application alone. We refer you to the descriptor of the modifier 26 in Appendix A of the CPT book as follows:

26 Professional Component: Certain procedures are a combination of a physician component and a technical component. When the physician component is reported separately, the service may be identified by adding modifier 26 to the usual procedure number.

It is important to note that the descriptor of this modifier is general and identifies only that the professional component of a service was performed. The modifier 26 has several applications, many of which have been outlined in the AMA's *CPT Assistant* newsletter. One application is using the modifier 26 to identify the use of equipment owned by someone other than the provider. For example, the August 2001 issue directs users to append the modifier 26 to code 90780 *IV Infusion for therapy/diagnosis, administered by physician or under direct supervision of physician; up to one hour* for a physician who provided a prolonged intravenous infusion to a patient in a hospital setting, using the hospital's facilities and supplies. Another example appears in the August 1998 issue involving the use of the modifier 26 for cardiac catheterization procedures when hospital equipment is used. The use of the modifier 26 in these examples would not involve generating a written report. Rather, the modifier 26 is being appended to the CPT codes to identify that the physician is reporting only the professional component of the service. This method of reporting is appropriate when the technical and professional components are performed by different providers.

Although there are certain codes in the CPT book that clearly state "supervision" in the code descriptor, the Pathology and Laboratory Guidelines state that the "Services in Pathology and Laboratory are provided by a physician or by technologists under responsible supervision of a physician." Therefore, although it is not specifically stated in each pathology and laboratory code descriptor, it is identified in the CPT book that the pathology and laboratory codes in the CPT book reflect physician supervision.

We strongly urge all third-party payers who use code-editing software and vendors of claims editing software to ensure that CPT codes, guidelines and conventions contained in the annually revised CPT publications are followed on a consistent basis. Diligent adherence to these guidelines preserves the integrity of CPT coding and maintains the efficiency of health care delivery that all patients deserve.

Based on the information provided above, we trust that Ingenix will immediately change its practice of rejecting accurately

coded physician claims when the appropriately designated CPT codes and modifiers are reported.

Should you have any questions related to this correspondence, feel free to contact Michael Beebe, Director, CPT, 312-464-5123 or e-mail michael.beebe@ama-assn.org.

Sincerely,

Michael D. Maves, MD, MBA

cc: Tony Frankos
Mary Jo Malone
George Roman
Rick Cooper

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