

OIG Releases Report on “Incident-to” Services

On August 5, 2009, the Office of Inspector General (OIG) released findings on their study of the billing of “incident-to” services. Incident-to services are those billed by physicians and reimbursed at the standard physician rate, but performed by non-physicians including physician assistants, nurses, medical technicians, medical assistants, or any other personnel, licensed or unlicensed.¹ These incident-to services are normally administered in a physician’s office and must be an integral (although incidental) part of a course of a diagnosis or treatment plan where the physician personally performs the initial service and is actively involved in the patient’s care.² They must also be furnished under the direct supervision of a physician, although this requires only that the physician be in the same office suite and available to provide direction and assistance if needed.³

Since Medicare providers are not required to report services as being performed and billed under the “incident-to” rule, there is no way to determine the full extent at which this occurs. The OIG surveyed a sample of days in which Medicare allowed a single physician to bill for more than 24 hours of services. Of these services, 51 percent of them were provided by non-physicians, representing approximately 45 percent of the total payments for all the services included in the study.⁴ Sixty-two (62) percent of invasive procedures such as venipuncture, non-oral drug administration, chemotherapy, and surgical procedures, and 48 percent of non-invasive services, were performed by non-physicians.⁵

The OIG further discovered that unqualified non-physicians performed 21 percent of the services that physicians did not personally perform.⁶ Forty-nine percent of these services were performed by employees not possessing the licensure or certification required to perform the services under state law and regulations or federal Medicare rules.⁷ Twenty-five (25) percent of the services were performed by employees who did not have the necessary training to provide the service and another 25 percent of the procedures were performed by employees with unverifiable qualifications due to a lack of adequate documentation.⁸ Despite this practice, under current Medicare rules, these procedures were billed and paid correctly because the incident rule allows physicians to bill for services performed by any

personnel, licensed or unlicensed.

Because services provided by unqualified non-physicians represent a risk to Medicare beneficiaries, the OIG made three recommendations:

1. CMS should revise the “incident to” rule to require non-physicians to have the necessary training, certification, and licensure pursuant to state law and state and federal regulations before they can be billed to Medicare;
2. CMS should require physicians billing Medicare for “incident to” services to identify them as such with a service code modifier; and
3. CMS should address the claims for services in the study that were not “incident to” services by definition, and also those claims that were for rehabilitation therapy services performed by employees without the training of a therapist.⁹

Although CMS agreed with the OIG’s first and third recommendations and is taking steps to implement them, CMS disagreed with the structure of the second recommendation, stating that the performance of incidental services is often shared between physicians and staff, making the classification of some services which are not personally performed difficult to determine.¹⁰ CMS agrees with the objective of the recommendation and stated that they would study the operational issues involved with adding code modifiers in order to increase the available data on services provided under the “incident to” rule.¹¹ CMS is sharing the report and related claims data with their Medicare Administrative Contractors in order to review the improper claim payments OIG discovered during their study.¹² These responses signal increased scrutiny of the use of “incident-to” billing by physicians and physicians who submit claims under this rule should ensure that their employees have the proper training, certification, and licensure to provide the services they perform.

¹ Source: “Introduction” Prevalence and Qualification of Non-Physicians Who Performed Medicare Physician Services. Dept. of Health and Human Services, Office of the Inspector General. August 2009, p. 1.

² Source: “Introduction” Prevalence and Qualification of Non-Physicians Who Performed Medicare Physician Services. Dept. of Health and Human Services, Office of the Inspector General. August 2009, p. 2.

³ Source: “Introduction” Prevalence and Qualification of Non-Physicians Who Performed Medicare Physician Services. Dept. of

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Health and Human Services, Office of the Inspector General. August 2009, p. 2.

⁴ Source: "Findings" Prevalence and Qualification of Non-Physicians Who Performed Medicare Physician Services. Dept. of Health and Human Services, Office of the Inspector General. August 2009, p.8.

⁵ Source: "Findings" Prevalence and Qualification of Non-Physicians Who Performed Medicare Physician Services. Dept. of Health and Human Services, Office of the Inspector General. August 2009, p. 9.

⁶ Source: "Findings" Prevalence and Qualification of Non-Physicians Who Performed Medicare Physician Services. Dept. of Health and Human Services, Office of the Inspector General. August 2009, p. 12.

⁷ Source: "Findings" Prevalence and Qualification of Non-Physicians Who Performed Medicare Physician Services. Dept. of Health and Human Services, Office of the Inspector General. August 2009, p. 12.

⁸ Source: "Findings" Prevalence and Qualification of Non-Physicians Who Performed Medicare Physician Services. Dept. of Health and Human Services, Office of the Inspector General. August 2009, p. 12.

⁹ Source: "Recommendations" Prevalence and Qualification of Non-

Physicians Who Performed Medicare Physician Services. Dept. of Health and Human Services, Office of the Inspector General. August 2009, p. 18-19.

¹⁰ Source: "Appendix F: Agency Comments" Prevalence and Qualification of Non-Physicians Who Performed Medicare Physician Services. Dept. of Health and Human Services, Office of the Inspector General. August 2009, p. 32.

¹¹ Source: "Appendix F: Agency Comments" Prevalence and Qualification of Non-Physicians Who Performed Medicare Physician Services. Dept. of Health and Human Services, Office of the Inspector General. August 2009, p. 32.

¹² Source: "Appendix F: Agency Comments" Prevalence and Qualification of Non-Physicians Who Performed Medicare Physician Services. Dept. of Health and Human Services, Office of the Inspector General. August 2009, p. 32.



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Robert James Cimasi, MHA, ASA, FRICS, MCBA, AVA, CM&AA, serves as President of **HEALTH CAPITAL CONSULTANTS (HCC)**, a nationally recognized healthcare financial and economic consulting firm headquartered in St. Louis, MO, serving clients in 49 states since 1993. Mr. Cimasi has over thirty years of experience in serving clients, with a professional focus on the financial and economic aspects of healthcare service sector entities including: valuation consulting and capital formation services; healthcare industry transactions including joint ventures, mergers, acquisitions, and divestitures; litigation support & expert testimony; and, certificate-of-need and other regulatory and policy planning consulting.

Mr. Cimasi holds a Masters in Health Administration from the University of Maryland, as well as several professional designations: Accredited Senior Appraiser (ASA – American Society of Appraisers); Fellow Royal Intuition of Chartered Surveyors (FRICS – Royal Institute of Chartered Surveyors); Master Certified Business Appraiser (MCBA – Institute of Business Appraisers); Accredited Valuation Analyst (AVA – National Association of Certified Valuators and Analysts); and, Certified Merger & Acquisition Advisor (CM&AA – Alliance of Merger & Acquisition Advisors). He has served as an expert witness on cases in numerous courts, and has provided testimony before federal and state legislative committees. He is a nationally known speaker on healthcare industry topics, the author of several books, the latest of which include: *“The U.S. Healthcare Certificate of Need Sourcebook”* [2005 - Beard Books], *“An Exciting Insight into the Healthcare Industry and Medical Practice Valuation”* [2002 – AICPA], and *“A Guide to Consulting Services for Emerging Healthcare Organizations”* [1999 John Wiley and Sons].

Mr. Cimasi is the author of numerous additional chapters in anthologies; books, and legal treatises; published articles in peer reviewed and industry trade journals; research papers and case studies; and, is often quoted by healthcare industry press. In 2006, Mr. Cimasi was honored with the prestigious *“Shannon Pratt Award in Business Valuation”* conferred by the Institute of Business Appraisers. Mr. Cimasi serves on the Editorial Board of the Business Appraisals Practice of the Institute of Business Appraisers, of which he is a member of the College of Fellows.



Todd A. Zigrang, MBA, MHA, ASA, FACHE, is the Senior Vice President of **HEALTH CAPITAL CONSULTANTS (HCC)**, where he focuses on the areas valuation and financial analysis for hospitals and other healthcare enterprises. Mr. Zigrang has significant physician integration and financial analysis experience, and has participated in the development of a physician-owned multi-specialty MSO and networks involving a wide range of specialties; physician-owned hospitals, as well as several limited liability companies for the purpose of acquiring acute care and specialty hospitals, ASCs and other ancillary facilities; participated in the evaluation and negotiation of managed care contracts, performed and assisted in the valuation of various healthcare entities and related litigation support engagements; created pro-forma financials; written business plans; conducted a range of industry research; completed due diligence practice analysis; overseen the selection process for vendors, contractors, and architects; and, worked on the arrangement of financing.

Mr. Zigrang holds a Master of Science in Health Administration and a Masters in Business Administration from the University of Missouri at Columbia, and is a Fellow of the American College of Healthcare Executives. He has co-authored *“Research and Financial Benchmarking in the Healthcare Industry”* (STP Financial Management) and *“Healthcare Industry Research and its Application in Financial Consulting”* (Aspen Publishers). He has additionally taught before the Institute of Business Appraisers and CPA Leadership Institute, and has presented healthcare industry valuation related research papers before the Healthcare Financial Management Association; the National CPA Health Care Adviser's Association; Association for Corporate Growth; Infocast Executive Education Series; the St. Louis Business Valuation Roundtable; and, Physician Hospitals of America.



Anne P. Sharamitaro, Esq., is the Vice President of **HEALTH CAPITAL CONSULTANTS (HCC)**, where she focuses on the areas of Certificate of Need (CON); regulatory compliance, managed care, and antitrust consulting. Ms. Sharamitaro is a member of the Missouri Bar and holds a J.D. and Health Law Certificate from Saint Louis University School of Law, where she served as an editor for the *Journal of Health Law*, published by the American Health Lawyers Association. She has presented healthcare industry related research papers before Physician Hospitals of America and the National Association of Certified Valuation Analysts and co-authored chapters in *“Healthcare Organizations: Financial Management Strategies,”* published in 2008.