KENTUCKY MEDICAL ASSOCIATION
Physicians Caring for Kentucky

March 6, 2019

Kennan Wethington, President
Anthem Health Plans of Kentucky Inc.
13550 Triton Park Blvd
Louisville, Kentucky 40223

Dear Mr. Wethington:

As President of the Kentucky Medical Association (KMA), I am writing to you regarding a recent change in reimbursement policy announced by Anthem concerning the use of Modifier 25 in billing for Evaluation & Management services (E/M) as part of another procedure performed by physicians. The policy, published in the February 2019 Anthem Kentucky Provider Newsletter, states as follows:

> *Beginning with claims processed on or after March 1, 2019, Anthem may deny the E/M service with a modifier 25 billed on the day of a related procedure when there is a recent service or procedure for the same or similar diagnosis on record.*

Clarification from Anthem was needed to understand various issues stemming from this change in payment policy, not least of which was the definition of a "recent" service. It is our understanding that "recent" is being interpreted as sixty (60) days.

In order to clarify payment policies and procedures, third party payers such as Anthem and the Centers for Medicare and Medicaid Services (CMS), along with medical providers including physicians, use standardized reimbursement rules such as the Current Procedural Terminology (CPT). This ensures that everyone is governed by a set of rules that providers understand and third-party payers can implement through complicated billing systems. There are sometimes differing interpretations of these rules and documentation by providers may not always match what is required under CPT standards.

In this instance, however, Anthem is creating a **new coding rule** beyond the bounds of CPT that materially changes billing practices. According to current CPT standards, an E/M service may be related to the same diagnosis prompting a procedure although *cannot* include any work inherent in the performance, supervision or interpretation of the procedure. Instead the modifier 25 is used to distinguish when the physician's work goes significantly beyond work normally associated with the minor surgical procedure or service on the same day. If there is a related service to the E/M on some other date, that has nothing to do with the modifier 25 used on the day of the procedure. In fact, if it wasn't for the procedure, Anthem would pay for both E/M visits on different days.

In addition, this new policy regarding modifier 25 represents a "material change" to provider reimbursements and contracts, and the notice requirements of such a change pursuant to KRS 304.17A-235 must be followed. It is our understanding that the only communication of this new policy was in an online newsletter 30 days before the implementation date. KRS 304.17A-235 includes specific requirements including 90 day notice and use of a specified color envelope and labeling.

For coding consistency, the national standards that exist under CPT should be followed and Anthem needs to adhere to KRS statutes. It is our hope that Anthem will withdraw this policy change or at the very least delay implementation until required notice is provided. If Anthem is not inclined to take such action, I would appreciate the opportunity to discuss this issue in person with you or your representatives. To arrange such a meeting, please contact KMA Executive Vice President Patrick Padgett at (502) 814-1394.

Thank you.

Sincerely,

Bruce Scott, MD
President