

The Value of Analyzing E&M Usage

Prepared by Abigail Igarta, MBA, a consultant with [KarenZupko & Associates](#), a Chicago-based medical practice management consulting firm

As a surgeon, you play a vital role in the performance of the reimbursement process. You must submit visit and diagnosis codes daily for posting and ensure that the documentation supports the Current Procedure Terminology (CPT) codes assigned for the services. Typically, as much as 30% of a hand surgeon's reimbursement is generated by E&M codes.

Selecting the appropriate CPT code is a compliance issue with the Office of the Inspector General (OIG) as well as private payors. You can protect yourself by determining if you or your partners' E&M utilization patterns differ significantly from that of your peers. Why is this important? The Centers for Medicare and Medicaid Services (CMS) want to ensure that it has not overpaid for services. Auditors will not hesitate to seek repayment for a service found not properly documented according to the level of service billed. In fact, in some cases, insufficient documentation can be construed as fraud and abuse, possibly leading to civil and criminal penalties.

If the OIG suspects that you have billed Medicare for services you did not provide or manipulated payment code to increase reimbursement amounts, you will be flagged for an audit as outlined in its [2008 Work Plan](#). The OIG's investigations include but are not limited to reviewing your medical records documentation, examining computer software used for coding your services, and checking for overcoding or unbundling of CPT services.

From the codes you submit on claim forms, payors assess coding risk by comparing your E&M utilization patterns for new patient visits, established patient visits, and consultations to state and national patterns for hand surgeons. If your coding pattern is significantly different than that of the group average or peer group, you and your practice are at risk for review. Typically, CMS will audit all the physicians in your group -- even if the coding trends of only one or a few triggered the audit.

The following seven steps can give you a sense of how well you and your practice compare to national and state norms.

1. Run a CPT frequency report

Generate a CPT frequency report to provide insight into your practice's E&M utilization (see Figure 1). This report, sometimes known by another name depending on your practice management software, computes the number of times each CPT code is billed by each physician during a specified period of time. Run the report quarterly once the practice has ascertained a basis for comparison for the practice as a whole and for each physician or provider.

Category of E&M	Dr. A	%	Dr. B	%	Hand Surgery Practice	%
New Patient						
99201	0	0	0	0	0	0
99202	52	21	13	4	65	11
99203	61	25	83	26	144	25
99204	112	46	227	70	339	60
99205	19	8	0	0	19	3
Total	244	100	323	100	567	100
Established Patient						
99211	0	0	0	0	0	0
99212	271	30	0	0	271	17
99213	334	37	708	98	1,042	64
99214	287	32	11	2	298	18
99215	11	1	2	0	13	1
Total	903	100	720	100	1,624	100
Outpatient Consults						
99241	104	32	1	0	105	18
99242	106	33	0	0	106	18
99243	39	12	33	13	72	12
99244	72	22	224	86	296	51
99245	2	1	1	0	3	1
Total	323	100	259	100	582	100

Figure 1. CPT frequency report

2. Compare practice data to CMS national and state data

Like using an MRI to diagnose and assess diseases of the hand, a specially developed tool can help you compare your practice data to CMS national and state data. One such tool is the E&M Profile Analyzer from KarenZupko and Associates, Inc. (KZA). The Analyzer will help you identify and analyze issues about your E&M utilization.

First, the program graphically compares the group to national and state hand surgeon data published by CMS for each type of E&M service: new patient visits, established patient visits, and consultations. In the example (see Figure 2), the Hand Surgery Practice's utilization of new patient visits is skewed toward level four services; code 99204 represents 60% of the practice's new outpatient visits. Other hand surgeons in Illinois and nationally report the highest percentage of services at level three (10-11%). The group's pattern of level four versus level three utilization is also consistent for outpatient consultation services. Code 99244 represents 51% of their outpatient consults in contrast to their peers reporting 12-14% of services at this

level. For established patient visits, the practice uses a slighter higher volume of level three visits (64% versus 46-55%) and slightly lower volume of level two visits than their peers (17% versus 30-41%).

Evaluation and Management Profile Analyzer

Hand Surgery Practice

Hand Surgery - 2006 CMS Data

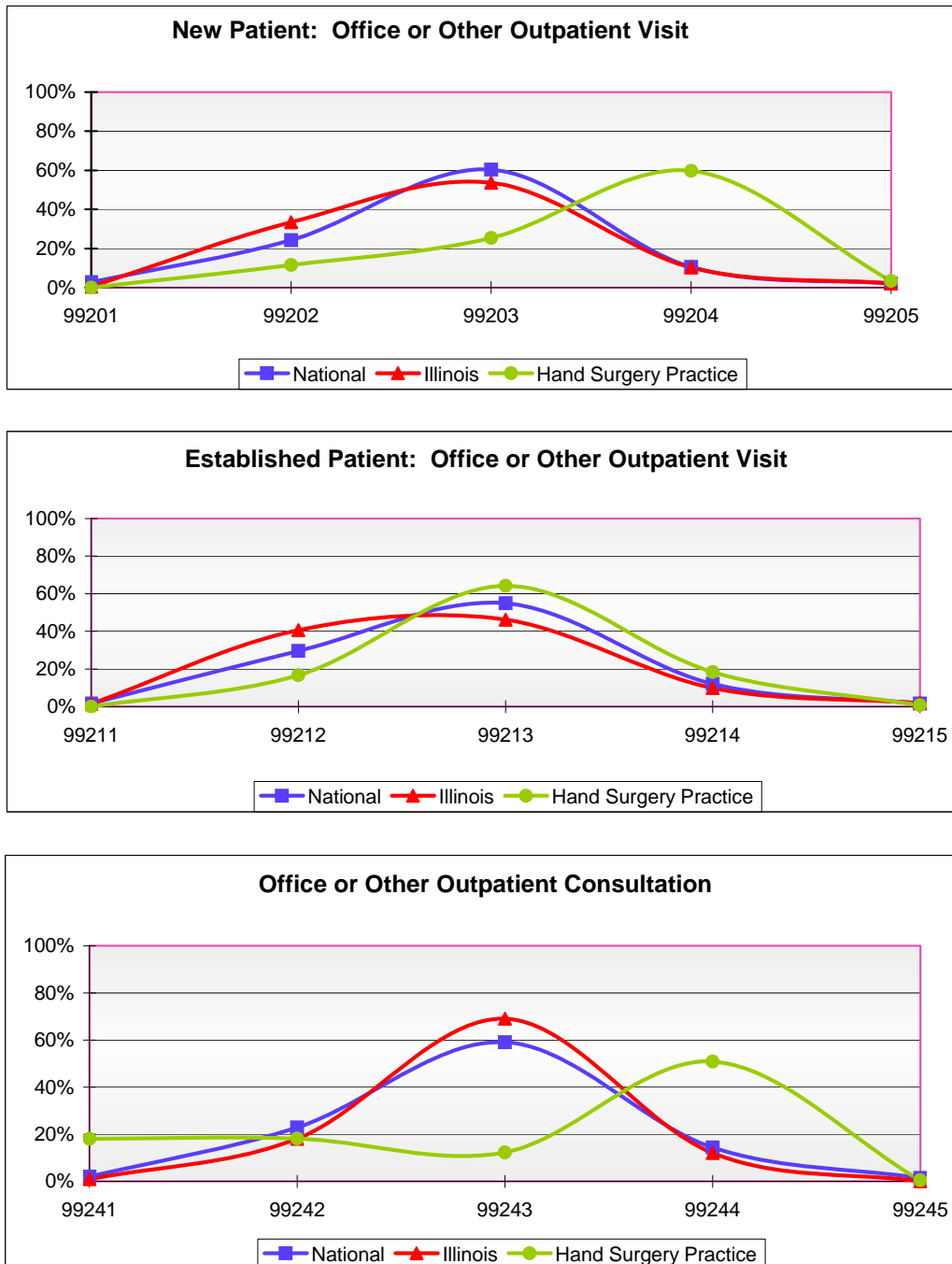


Figure 2. Group E&M utilization versus CMS national and state data

3. Compare provider data to CMS national and state data

You will also want to compare the data for each provider against CMS national and state data. Again, the E&M Profile Analyzer from KarenZupko and Associates, Inc. (KZA) is one tool that can help you do this. The Analyzer graphs each individual surgeon's code for each category of E&M service against the national and state data. Specifically, in the example scenario (see Figure 3 on the next page), Dr. A's utilization of new outpatient codes is biased toward level four services (46% versus 10-11%). For consultations, Dr. A reports the highest number of services at level one (31% versus 1-2%) and two (32% versus 30-41%). For established outpatient visits, Dr. A's utilization is more consistent with his peers, reporting the highest number of services at level three.

Dr. B's E&M profile is also dissimilar from national and state peers but in a different pattern than Dr. A (see Figure 4 at the end of this article). Dr. B uses a majority of level four new outpatient visits (70% versus 2%) and consultations (86% versus 12-14%). For established outpatient visits, Dr. B uses mostly level three codes than his peers (98% versus 46-55%). Over reliance on a single code is dangerous and could make the group vulnerable to an audit.



Do not be alarmed if your E&M utilization looks different than that of your peers. You should be just as concerned about undercoding as about overcoding. However, if your coding profile deviates greatly from the norm, payors are going to ask questions. As long as your medical documentation supports the category and level of service you reported, you will pass a payor audit. A benefit of using a product such as the KZA E&M Profile Analyzer is to help you determine when you should conduct an internal review.

Evaluation and Management Profile Analyzer

Dr. A

Hand Surgery - 2006 CMS Data

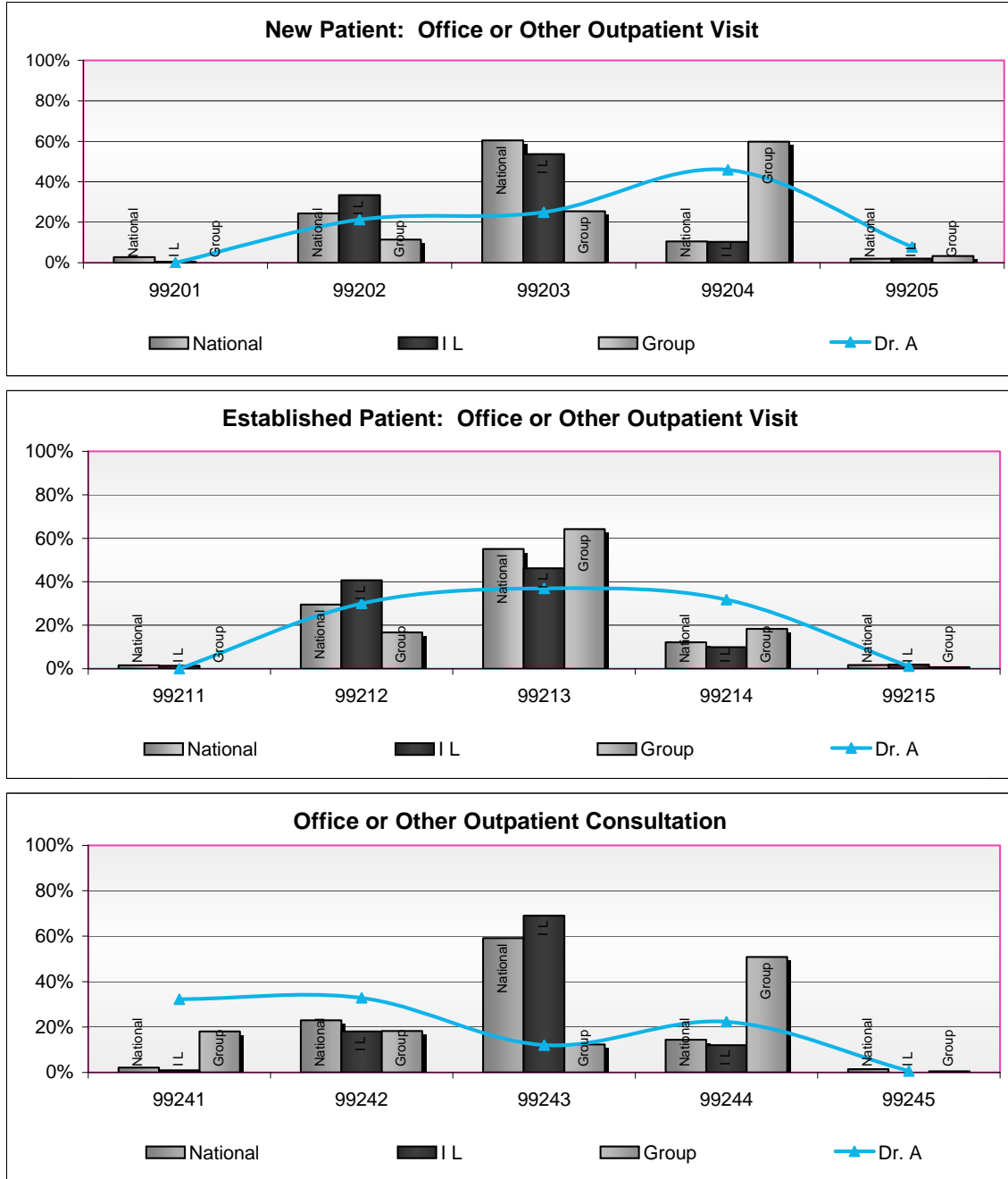


Figure 3. Dr. A's E&M utilization versus CMS national and state data

Evaluation and Management Profile Analyzer

Dr. B

Hand Surgery - 2006 CMS Data

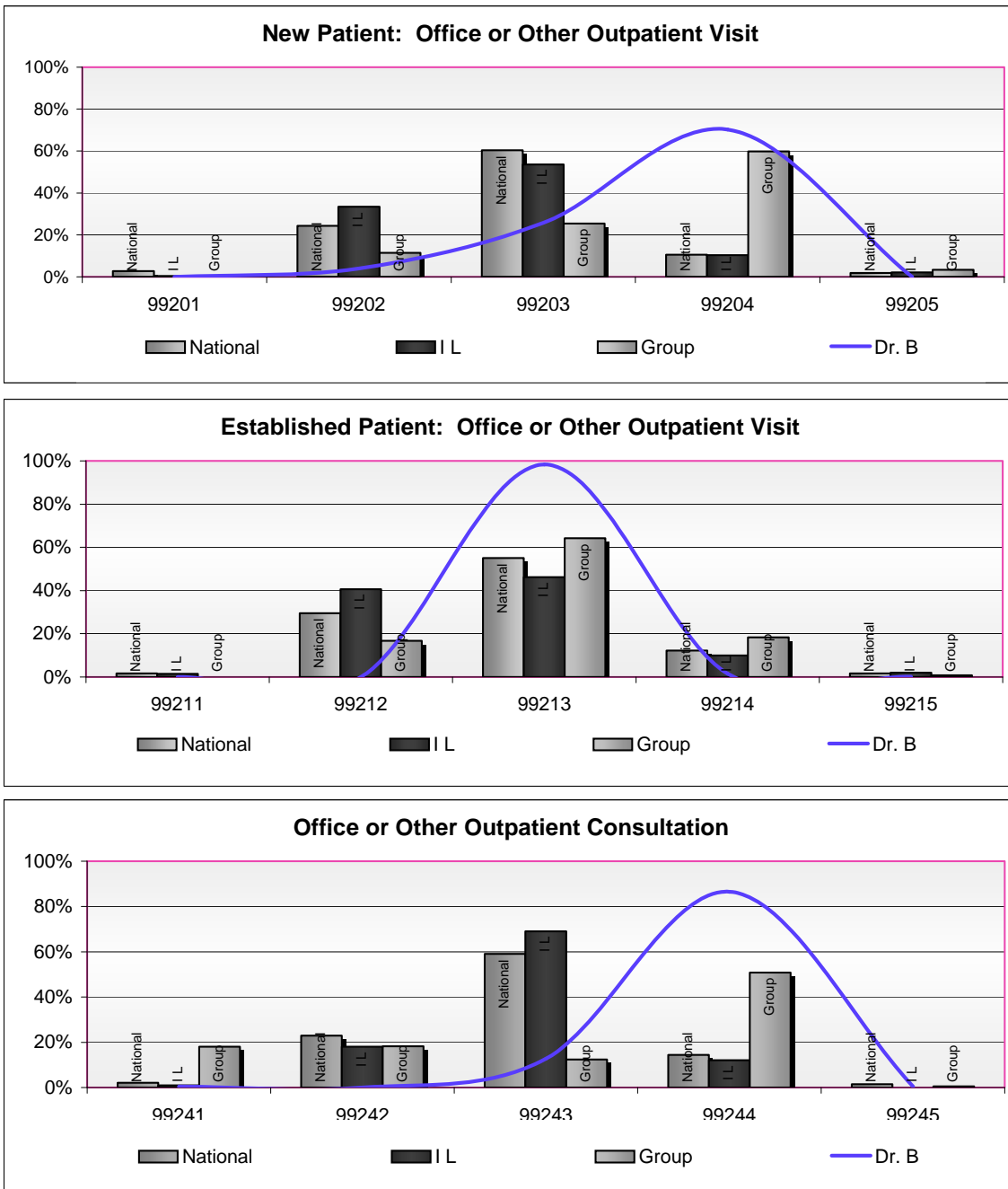


Figure 4. Dr. B's E&M utilization versus CMS national and state data

4. Calculate the dollars gained or lost due to over- and under-coding

The 2008 updated version of the KZA E&M Profile Analyzer calculates the difference in dollars between the coding profiles of your practice and your locality. For instance, in the example (see Figure 5), the group has reported higher levels of service than that of its peers for new patient visits, established patient visits, and consultations. Imagine if your practice’s data looked like this. If CMS decided to audit your group, your practice would be at risk to write a check for nearly \$32,000 for just these 15 E&M codes.

Illinois		Over/Under Coding - Hypothetical Dollar Risk/Opportunity Conversion Estimator							
2006 CMS Data		Hand Surgery Practice					Hypothetical		
Hand Surgery		Hand Surgery Practice					Hand Surgery Practice		
16 00952		Hand Surgery Practice					Hand Surgery Practice		
CPT Code®	CPT Code Description	Allowed Services	2006 Medicare State/Locality Avg Rate Non Facility	Medicare 2006 Extended Dollars (Practice)	* New Allowed Services Based on % of State	2006 Medicare State Avg Rate Non Facility	Hypothetical 2006 Medicare Adjusted Avg Rate	Potential (Undercode) Green or Overcode Red	
99201	New patient, office or other outpatient visit, level 1	0	\$40.50	\$0.00	3	\$40.50	\$113.76	\$113.76	
99202	New patient, office or other outpatient visit, level 2	65	\$71.42	\$4,642.20	190	\$71.42	\$13,550.09	\$8,907.89	
99203	New patient, office or other outpatient visit, level 3	144	\$106.62	\$15,353.14	304	\$106.62	\$32,439.01	\$17,085.86	
99204	New patient, office or other outpatient visit, level 4	339	\$150.16	\$50,904.10	58	\$150.16	\$8,762.39	-\$2,141.71	
99205	New patient, office or other outpatient visit, level 5	19	\$190.25	\$3,614.73	12	\$190.25	\$2,255.97	-\$1,358.75	
	<i>Subtotal</i>	567		\$74,514.17	567		\$57,121.22	-\$17,392.95	
99211	Established patient, office or other outpatient visit, level 1	0	\$23.95	\$0.00	23	\$23.95	\$541.61	\$541.61	
99212	Established patient, office or other outpatient visit, level 2	271	\$42.64	\$11,554.79	659	\$42.64	\$28,118.43	\$16,563.63	
99213	Established patient, office or other outpatient visit, level 3	1,042	\$57.58	\$59,999.85	750	\$57.58	\$43,166.31	-\$16,833.54	
99214	Established patient, office or other outpatient visit, level 4	298	\$90.20	\$26,880.22	161	\$90.20	\$14,481.13	-\$12,399.08	
99215	Established patient, office or other outpatient visit, level 5	12	\$130.72	\$1,568.61	31	\$130.72	\$4,014.63	\$2,446.02	
	<i>Subtotal</i>	1,623		\$100,003.48	1,623		\$90,322.11	-\$9,681.36	
99241	Office or other outpatient consultation, new or established, level	105	\$55.70	\$5,848.28	5	\$55.70	\$287.41	-\$5,560.87	
99242	Office or other outpatient consultation, new or established, level	106	\$101.54	\$10,763.75	105	\$101.54	\$10,667.03	-\$96.72	
99243	Office or other outpatient consultation, new or established, level	72	\$135.30	\$9,741.56	402	\$135.30	\$54,358.01	\$44,616.45	
99244	Office or other outpatient consultation, new or established, level	296	\$189.59	\$56,119.82	70	\$189.59	\$13,277.58	-\$42,842.24	
99245	Office or other outpatient consultation, new or established, level	3	\$244.95	\$734.86	0	\$244.95	\$0.00	-\$734.86	
	<i>Subtotal</i>	582		\$83,208.28	582		\$78,590.04	-\$4,618.24	

Figure 5. Over/Under coding hypothetical dollar risk/opportunity conversion estimator

5. Determine your outpatient consultation to new patient visit ratio

Another feature of the KZA E&M Profile Analyzer is the outpatient consultation to new patient visit ratio. Since reimbursement for consultations are higher than that of new patient visits, overuse of consultation codes could potentially trigger a CMS audit. At the same time, underuse may represent dollars left on the table. In the example (see Figure 6), Dr. A’s consult to new patient visit ratio (1.03) is higher than the national (0.88) and state (0.87) ratios, which may flag the group for an audit. However, Dr. B’s consult to new patient visit ratio is closer to his peers at 0.80.

Illinois 2006 CMS Data Hand Surgery						
Outpatient Consultation to New Patient Visit Ratio						
Practice Ratio for Outpatient Consultation to New Patient Visit Ratio						
	National	Ratio	Illinois	Ratio	Hand Surgery Practic	Ratio
Consult to Visit Ratio	$\frac{48,606}{54,977}$	0.88	$\frac{1,579}{1,817}$	0.87	$\frac{582}{567}$	1.03
Physician Ratios for Outpatient Consultation to New Patient Visit Ratio						
Dr. A Consult to Visit Ratio	$\frac{48,606}{54,977}$	0.88	$\frac{1,579}{1,817}$	0.87	$\frac{323}{244}$	1.32
Dr. B Consult to Visit Ratio	$\frac{48,606}{54,977}$	0.88	$\frac{1,579}{1,817}$	0.87	$\frac{259}{323}$	0.80

Figure 6. Outpatient consultation to new patient visit ratio

6. Conduct your own internal review

If your E&M profile varies significantly from your peers, you and your group need to assess the risk of an audit. Conduct your own review of the actual documentation. In the example, Dr. B's overuse of level four codes for new outpatient visits and consultations may flag the Hand Surgery Practice for a payor audit. If the E&M utilization of a physician from your group deviates greatly from the norm, review at least five charts at each level and determine whether the criteria for the category of service as well as the code level has been met. To see if the code criteria are met, consult the 1997 musculoskeletal documentation guidelines for E&M services, available online: <http://www.cms.hhs.gov/MLNProducts/Downloads/MASTER1.pdf>.

7. Learn from the experience

Use the internal audit results as an opportunity to improve documentation of services and to recognize positive findings. Plan for ongoing monitoring of E&M documentation and implementation of any changes.

To purchase the E&M Profile Analyzer, visit the KarenZupko and Associates website: http://www.karenzupko.com/products/product_em.html.

Special Offer for ASSH Members

For a limited time, the E&M Profile Analyzer is available at a discounted price for ASSH members. Simply enter the discount code of **EM40-522194** during checkout and save 40% off the regular price. The offer expires May 31, 2008. Purchase allows unlimited use of the analyzer for a one-year period. Please note: Only one state can be ordered at a time.