



# INDUSTRY INSIGHT

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## USE OF HCPCS MODIFIERS

Beginning on 10/1/97, HCFA is accepting modifiers to HCPCS codes submitted on hospital outpatient Medicare claims. Effective July 1998, HCFA will require the use of these modifiers. HSS products meet current HCFA guidelines, and will be updated in the coming months to incorporate these new requirements. Below is a summary of HCFA rules regarding modifiers, along with our plans for enhancing the HSS product line to facilitate the expanded use of modifiers.

**What are Modifiers?** Modifiers are appended to HCPCS Level I (CPT), Level II and Level III codes. A modifier can indicate that a service or procedure was altered by specific circumstances, without changing the definition of the CPT or HCPCS code to which it is assigned. Modifiers can provide additional information about certain services without the use of narrative descriptions.

CPT modifiers are two numeric digits and are described in detail in the CPT books. They are maintained and updated on an annual basis by the AMA. There are currently 30 CPT modifiers. For example, a modifier of "50" indicates that a procedure was performed bilaterally:

30901:	Control nasal hemorrhage, anterior, simple, any method
30901-50:	Control nasal hemorrhage, anterior, simple, any method, bilateral procedure

HCPCS Level II modifiers are two alphanumeric characters and are described in the HCPCS Level II books. They are updated annually by HCFA. There are currently 121 Level II modifiers. For example, a modifier of "NU" indicates that new equipment was used:

E0260:	Hospital bed, semi-electric, with side rails, with mattress
E0260 - NU:	Hospital bed, semi-electric, with side rails, with mattress, new equipment

Level I and Level II modifiers apply to both CPT and HCPCS Level II coding systems. Level I modifiers may be used with HCPCS Level II codes, and Level II modifiers may be used with CPT codes.

Level III modifiers are used in limited geographic areas and are created by individual Medicare carriers and are distributed to local physicians and suppliers through carrier communications.

## **How can they be reported?**

CPT modifiers may be reported in two ways:

- Appended to the procedure code, generally with a "-" between the code and the modifier. For example,

**30901-50** Control nasal hemorrhage, anterior, simple (limited cautery and/or packing), any method - bilateral procedure

- Reported using a separate five character code along with the procedure code. Five character modifiers have a three digit prefix of “099”, and then the two digit modifier. For example,

*30901 Control nasal hemorrhage, anterior, simple (limited cautery and/or packing), any method*  
*09950 Bilateral procedure*

HCPCS Level II and Level III modifiers are always appended to the procedure code.

**Who collects modifiers and when are they required?** Modifiers can be appended to CPT and HCPCS Level II codes when billing for Part B Medicare services. They may also be used when billing for medical equipment and supplies. Some state Medicaid offices and private insurers also accept modifiers. However, in the past, hospitals were not allowed to use modifiers for Medicare Part A billing of outpatient services.

On October 1 1997, HCFA will begin to accept selected modifiers on hospital outpatient claims. These modifiers will be required for use on hospital outpatient claims beginning in July 1998. HCFA is currently drafting instructions clarifying the use of these modifiers.

**How do our products currently meet your needs for recording modifiers?** Currently, all of the HSS AccuCode<sup>®</sup>, SuperCode<sup>™</sup>, and DRG STRATEGIST<sup>™</sup> encoding and casemix products on all platforms provide the ability to assign 5-digit CPT modifiers. The systems verify the accuracy and format of the codes. We do not, however, link each CPT code to its modifier, and we do not accommodate HCPCS Level II modifiers in any format.

### **What are HSS plans for the future?**

**4<sup>th</sup> quarter 1997:** For the January release our product line will have the ability to accept or assign **5-character HCPCS Level II modifiers**, along with our current support of the CPT modifiers. Each product will verify the validity and format of the 5-character codes. Although 5-character HCPCS Level II modifiers are not accepted by HCFA, the user or the interfacing program can easily identify these modifiers and reformat them into the 2-character format.

**Spring 1998:** HSS is planning expanded modifier capabilities for all of its products, including:

- the ability to utilize 2-digit modifiers appended to the codes, as well as the continued ability to use the 5-digit modifiers
- improved linkage between 5-digit modifiers and associated CPT codes
- more efficient and user-friendly processes for selection, assignment, and reporting of modifiers
- in our encoding products, intelligent editing of modifiers to assure that each modifier is used appropriately, and that the user is reminded of codes generally requiring modifiers, particularly where reimbursement may be affected.

**Questions:** If you have questions or suggestions regarding the use of modifiers and how they are or will be supported in our products, please call our Client Services Department at 1-800-999-DRGS (3747) or via the Internet at [support@hss-info.com](mailto:support@hss-info.com).