

## Medicare Consolidated Billing Modernization – Site of Service

**Action for Congress:** Congress should mandate that CMS periodically update the consolidated billing rules to take into account the changing practice of medicine and clarify that Medicare may provide PPS-excluded services (such as MRI and radiation therapy) to SNF patients in freestanding clinics to encourage provision of these services in the most appropriate and least intensive site of service.

Under current consolidated billing rules, skilled nursing facilities (SNF's) are responsible for all services provided to residents during a Medicare Part A covered stay, except for a small number of services that the statute specifically excludes.

However, CMS has recognized that some services that patients could receive while in a SNF Part A stay were outside the scope of SNF services. According to CMS, these were “intensive diagnostic or invasive procedures that are specific to the hospital setting.” CMS determined that these services, “under commonly accepted standards of medical practice lie exclusively within the purview of hospitals rather than SNFs, and thus were “not subject to consolidated billing.” Under this standard, CMS has excluded magnetic resonance imaging (MRI), computerized tomography (CT) scans, ambulatory surgery involving the use of an operating room, cardiac catheterization, hospital outpatient radiation therapy, hospital outpatient angiography, and certain lymphatic and venous procedures. However, in order to be excluded from PPS, the services must be provided in a hospital.

In 1998 CMS was reflecting then current medical practice in its development of the regulatory PPS exclusions. Modernized medical practices have enabled certain medical services to be provided at sites other than outpatient hospital departments. While they remain outside the purview and the scope of SNF services, radiation therapy is now commonly provided in freestanding radiation therapy clinics, and MRIs are available from freestanding entities.

CMS should examine current medical practice and modify its policy of permitting certain services to be excluded only if provided in a hospital and permit these same exclusions if services are provided suitably and appropriately in sites other than hospitals, chiefly freestanding clinics. There is no reason why a hospital monopoly should be retained when services can effectively, efficiently, and safely be provided in an alternative environment.

In addition, a change in policy would enormously facilitate access to care in rural areas – areas that now are being increasingly served by freestanding clinics. The benefit to patients in rural areas is clear. SNFs will not have to transport patients to distant hospitals for provision of excluded services when the services are available from closer freestanding clinics.

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