Many physicians believe the correct way to report services rendered by physician extenders is to bill the encounters as if the physician personally examined the patient. Unfortunately, billing for these extenders is much more complicated. Physician extenders are also called nonphysician practitioners (NPP). For purposes of this article NPPs include nurse practitioners (NP), physician assistants (PA), clinical nurse specialists (CNS), and certified nurse midwives (CNM).

In my experience, the confusion actually begins with the distinction between what services NPPs can provide under their scope of practice vs. how to bill the services. Adding to the confusion is Medicare’s payment policy on “incident to” billing. Not understanding “incident to” billing requirements can generate Medicare overpayments. Billing is further complicated by commercial insurers’ coverage and billing guidelines for NPP services.

Medicare “Incident to” Requirements

“Incident to” is actually a Medicare phrase and does not necessarily apply to any other third party payer. A commercial insurer may not be familiar with this phrase or may have a different definition of “incident to billing.” This section explains Medicare’s definition of “incident to.” The bottom line is if the NPP’s service meets the “incident to” requirements, the supervising physician may be reported as the “rendering provider” on the claim.

An NPP may be licensed under State law to perform a specific medical procedure and may be able to perform the procedure without physician supervision and have the service separately covered and paid for by Medicare as an NPP’s service. However, in order to have that same service covered as “incident to” the physician’s services; it must be performed under the direct supervision of the physician as an integral part of the physician’s personal in-office service.

To be considered “incident to,” the NPP’s service must be provided during a course of treatment where the physician performs an initial service [Emphasis added] for the patient’s diagnosis/problem and subsequent services of a frequency which reflect his/her active participation in and management of the course of treatment. Furthermore, the physician must provide direct supervision of the NPP’s service.

Direct supervision in the office setting does not mean that the physician must be present in the same room with the NPP; however, the physician must be present in the office suite and immediately available to provide assistance and direction throughout the time the NPP is performing services.

For NPP services outside the office setting, e.g., in a patient’s home or in an institution (other than hospital or SNF), the NPP’s services are covered incident to a physician’s service only if there is direct supervision by the physician. For example, if an NPP accompanies the physician on a house call and evaluates a patient, the NPP’s services are covered “incident to.” This means the service can be reported using the supervising physician’s national provider identification number (NPI). This service will be paid as if the physician personally performed the service.

If the NPP made the house call alone, the services are not billable “incident to” the physician. In this situation, the service must be reported using the NPP’s NPI. The service may not be reported with a physician’s NPI because the physician is not providing direct supervision.
Services provided by auxiliary personnel in an institution (e.g., nursing, or convalescent home) present a special problem in determining whether direct physician supervision exists. The availability of the physician by telephone and the presence of the physician somewhere in the institution do not constitute direct supervision and cannot be reported “incident to.”

In the office setting, to be considered “incident to,” the NPP’s service must meet all of the following criteria:

• The patient must be an established patient to the practice;
• The patient’s condition must have previously been diagnosed by the physician (or a physician in the group practice) and a treatment plan already established; and
• The billing physician must be physically present in the office suite.

If all of the above criterion is not met, the service must be reported using the NPP’s NPI.

**Incident-To Services on Form CMS-1500**

For Medicare patients, use the following billing guidelines when billing “incident to” services.

- **Item 17** When a service is incident to the service of a physician or non-physician practitioner, the name of the physician who performed the initial service and orders the NPP’s service must appear in item 17;
- **Item 17a** Enter the ID qualifier 1G, followed by the CMS assigned UPIN of the referring/ordering physician listed in item 17. Under Medicare’s NPI contingency plan, the UPIN may be reported on the Form CMS-1500 and MUST be reported if an NPI is not available.
- **Item 17b** Enter the NPI of the referring/ordering physician listed in item 17 as soon as it is available.
- **Item 24J** During Medicare’s NPI contingency plan, enter the rendering provider’s PIN in the shaded portion. In the case of a service provided incident to the service of a physician, enter the rendering provider number of the supervising physician (physician physically present in the office suite) in the shaded portion. Enter the supervising physician’s NPI number in the lower portion. In the case of a service provided incident to the service of a physician or non-physician practitioner, when the person who ordered the service is not supervising, enter the NPI of the supervisor in the lower portion.

In a group practice, there may be situations when the physician who diagnosed the patient’s problem and initiated the treatment plan is not the physician physically present in the office suite when the patient is seen in follow-up. In this situation, the physician physically present in the office suite must be shown as the “rendering physician” on the claim form in Item 24J.

**Split/Shared E/M Service**

A split/shared E/M visit is defined by Medicare Part B payment policy as a medically necessary encounter with a patient where the physician and a qualified NPP each personally perform a substantive portion of an E/M visit face-to-face with the same patient on the same date of service. A substantive portion of an E/M visit involves all or some portion of the history, exam, or medical decision making key components of an E/M service. The physician and the qualified NPP must be in the same group practice or be employed by the same employer. The split/shared E/M visit applies only to selected E/M visits and settings (i.e., hospital inpatient, hospital outpatient, hospital observation, emergency department, hospital discharge, office and non facility clinic visits, and prolonged visits associated with these E/M visit codes).

The split/shared E/M policy does not apply to consultation services, critical care services, or procedures.
Nursing Facility Services
- A split/shared E/M visit cannot be reported in the SNF/NF setting.

Office/Clinic Setting
- In the office/clinic setting when the physician performs the E/M service, the service must be reported using the physician’s NPI.
- When an E/M service is a shared/split encounter between a physician and a non-physician practitioner (NP, PA, CNS, or CNM), the service is considered to have been performed “incident to” if the requirements for “incident to” are met and the patient is an established patient.
- If “incident to” requirements are not met for the shared/split E/M service, the service must be billed under the NPP’s NPI, and payment will be made at the appropriate physician fee schedule payment. For example, the service must be reported using the NPP’s NPI if the NPP sees a new patient, an established patient for a new problem, or the physician (or a physician in the same group) is not physically present in the office when the NPP renders the service.

Hospital Inpatient/Outpatient/Emergency Department Setting
- When a hospital inpatient, hospital outpatient, or emergency department E/M is shared between a physician and an NPP from the same group practice and the physician provides any face-to-face portion of the E/M encounter with the patient, the service may be billed under either the physician’s or the NPP’s NPI.
- If there was no face-to-face encounter between the patient and the physician (e.g., even if the physician participated in the service by reviewing the patient’s medical record), then the service may only be billed under the NPP’s NPI. Payment will be made at the appropriate physician fee schedule rate based on the NPI entered on the claim.

Examples of Shared Visits
- If the NPP sees a hospital inpatient in the morning and the physician follows with a later face-to-face visit with the patient on the same day, the physician or the NPP may report the service.
- In an office setting the NPP performs a portion of an E/M encounter and the physician completes the E/M service. If the "incident to" requirements are met, the physician reports the service. If the “incident to” requirements are not met, the service must be reported using the NPP’s NPI.

Medicare Payment for “Incident to” Services
Medicare payment for professional services provided by a physician is based on the current Medicare Physician Fee Schedule. Medicare payment for professional services meeting the “incident to” requirements and billed by the supervising physician is based on the current Medicare Physician Fee Schedule as if the physician personally performed the service.

Medicare payment for NPP professional services not meeting the “incident to” guidelines will be based on the lower of the actual charge billed on the claim or the following percentage of the current Medicare Physician Fee Schedule:

- An NP (and a CNS) is paid for covered services at 85 percent of the Medicare Physician Fee Schedule.
- PA services are paid at 85 percent of the Medicare Physician Fee Schedule, except services performed in a hospital.
  - For services performed in a hospital, Carriers limit the payment for PA services to 75 percent of the Medicare Physician Fee Schedule amount
- Payment for most nurse-midwife services is based on equal to 65 percent of the Medicare Physician Fee Schedule
• Payment for NP, CNS, or PA assisting in surgery is based on 85 percent of the 16 percent of the Medicare Physician Fee Schedule amount (i.e., 10.4 percent).

**Billing NPP Services to Commercial Insurers**
Not all commercial insurers follow Medicare “incident to” guidelines. Physicians should not automatically assume services rendered by nonphysician practitioners can be reported using the supervising/collaborating physician’s NPI.

More and more insurers are credentialing NPPs. Physicians should contact all contracted insurers about credentialing their NPP(s). The next step is to ask the insurer their coverage and billing requirements for services performed by NPPs. It is possible insurers who do not credential NPPs will follow Medicare “incident to” guidelines. Others may simply allow physicians to report NPP services using the supervising/collaborating physician’s NPI.

There are insurers and member plans that do not cover services rendered by NPPs. These insurers and member plans only cover services performed by a physician. Typically, these insurers and member plans do not allow the NPP’s services to be billed using the supervising/collaborating physician’s NPI.