

# Mastering Critical Access Hospital Outpatient Billing

3/26/2025

**Closed Captioning:** *Auto-generated closed captioning is enabled in this course and is at best 70-90% accurate. Words prone to error include specialized terminology, proper names and acronyms.*



## Disclaimer

National Government Services, Inc. has produced this material as an informational reference for providers furnishing services in our contract jurisdiction. National Government Services employees, agents, and staff make no representation, warranty, or guarantee that this compilation of Medicare information is error-free and will bear no responsibility or liability for the results or consequences of the use of this material. Although every reasonable effort has been made to assure the accuracy of the information within these pages at the time of publication, the Medicare Program is constantly changing, and it is the responsibility of each provider to remain abreast of the Medicare Program requirements. Any regulations, policies and/or guidelines cited in this publication are subject to change without further notice. Current Medicare regulations can be found on the [CMS website](#).



# Recording

Attendees/providers are never permitted to record (tape record or any other method) our educational events. This applies to webinars, teleconferences, live events and any other type of National Government Services educational events.

# Objective

Provide basic billing instructions for outpatient services in a Critical Access Hospital (CAH) including Method 1 and Method II payment methods.

# Today's Presenter

- Provider Outreach and Education Consultant
  - Mimi Vier





# Agenda

[CAH Overview](#)

[CAH Method I and Method II](#)

[Outpatient](#)

[CAH Outpatient Billing](#)

[CAH Special Services](#)

[References and Resources](#)

# CAH Overview

# CAH

- Designation given to eligible rural hospitals
- Established in 1997 as part of the Balanced Budget Act
- Purpose
  - Small hospitals in rural areas to provide services to patients that would otherwise be a long distance from emergency care

# CAH Eligibility

- Located more than 35 miles from any other hospital or CAH
  - Mountainous terrain or areas with only secondary roads – 15 miles
- 24-hour emergency care, seven days a week
- Not more than 25 inpatient beds (acute and swing bed)
- May operate rehabilitation and psychiatric distant part units (DPU) up to ten beds each
  - Inpatient rehabilitation services paid under IRF PPS
  - Inpatient psychiatric services paid under IPF PPS
- Length of stay (inpatient) no longer than 96 hours per patient
  - Excludes: Swing bed and DPU beds



# CAH Method I and Method II: Outpatient

# CAH Method I: Outpatient (Standard)

- Bill facility services
  - Part A MAC on UB-04 form/electronic equivalent
  - Reimbursed at 101% of reasonable cost minus Part B deductible and coinsurance
    - Exception: CRNA pass-through
- Bill professional services
  - Part B MAC on CMS-1500 form/electronic equivalent
    - Reimbursed under MPFS minus Part B deductible and coinsurance

# CAH Method II: Outpatient (Optional)

- Bill MAC for **both** facility services and professional services
  - Include professional fees on UB-04 form/electronic equivalent
  - Professional services reimbursed at 115% of MPFS
  - NPP services reimbursed at 115% of allowed percentage
  - Only applies to outpatient services

# Method II Elections

- New elections
  - Must be made in writing
  - At least 30 days in advance of beginning cost report period
  - Include list of practitioners by specialty

# Method II Practitioner Election

- Practitioners at Method II CAH may elect to reassign rights to CAH
- Will receive payment from Part A MAC for professional services in outpatient department
- Not all practitioners have to reassign benefits for hospital to become CAH
- Must attest will not bill Part B for any outpatient hospital services
- PECOS Individual Physicians/Non-Physicians or CMS 855I, section 4F should be submitted to reassign benefits to CAH

# Practitioner Types Eligible to Reassign Benefits

- Doctor of Medicine or Osteopathy
- Clinical Psychologist
- Dental Surgery
- Certified Nurse Midwife
- Podiatric Medicine
- Licensed Clinical Social Worker
- Optometry
- Certified Registered Nurse Anesthetist
- Chiropractic Medicine
- Registered Dietician/Nutrition Professional
- Certified Clinical Nurse Specialist
- Physician Assistant

# CAH Outpatient Billing

# CAH Type of Bills

- Outpatient
  - 851 – Admit to discharge
  - 141 – Non-patient diagnostic reference laboratory services
  - 857/147 – Adjustment
  - 858/148 – Cancel
  - 850 – No payment
- Inpatient
  - 111 – Admit to discharge
  - 117 – Adjustment
  - 118 – Cancel
  - 110 – No payment
  - 12X – Part B only/ancillary
  - 18X – Swing bed



# CAH – Method I and II

- Method I (Standard)
  - Professional services billed on CMS-1500 form/electronic equivalent
- Method II (Optional)
  - Bills both facility and professional services on UB04/electronic equivalent
  - Each practitioner furnishing professional services in outpatient setting can choose to receive payment under this option

# Billing Method II

- 85X TOB – Outpatient
- Revenue code: 96X, 967, or 98X (professional charges)
  - Only applicable for physicians/practitioners who reassigned benefits to CAH
- Appropriate HCPCS/CPT and charges
  - Professional services used when HCPCS specifies global, technical and professional services
- Attending/rendering provider
  - Must be enrolled as valid Part B physician/practitioner

# CRNA Pass-Through Services

- Eligible for both inpatient and outpatient services
  - If criteria met
- CAH that elects Method II for all outpatient professionals, except CRNA, can still retain pass-through exemption for both inpatient and outpatient CRNA professional services
- CAH can choose to give up pass-through exemption to include CRNA professional outpatient services under Method II
  - CAH loses CRNA pass-through exemption for both inpatient and outpatient
  - CAH bills Part B MAC for inpatient professional services

# CRNA Pass-Through Services – Retains Exemption

- Applies to inpatient (including swing bed) and outpatient services
  - TOB 11X and 18X – inpatient
  - TOB 85X – outpatient
- Revenue code
  - 37X – CRNA technical service (cost reimbursement – 101% reasonable cost)
  - 964 – Professional services (100% reasonable cost)
- HCPCS/CPT – Anesthesia HCPCS CRNA legally authorized to perform
- Deductible and coinsurance apply

# Method II CRNA Pass-Through - Declines Exemption

- TOB: 85X
- Revenue Code
  - 037X – CRNA technical service (paid cost reimbursement at 101% reasonable cost)
  - 0964 – CRNA professional service
    - 115% – not medically directed
    - 50% – medically directed
- HCPCS/CPT: Appropriate anesthesia code(s)
- QZ modifier – non-medically directed CRNA services
- Deductible and coinsurance apply

# Method II: Marriage and Family Therapists and Mental Health Counselors

- Physicians and/or NPP have reassigned benefits to Method II CAH
  - Revenue code 96X, 97X or 98X
  - Reimbursement is 80% of the lesser of actual charge or 75% of MPFS

[Change Request 13502 - Payment for Marriage and Family Therapists \(MFTs\) and Mental Health Counselors \(MHCs\) in a Method II Critical Access Hospital \(CAH\)](#)

# Method II Modifiers

- AK – Non-participating physician
  - 115% lesser of charge or 95% of MPFS
- GF – NP, PA, CNS
  - Do not use for CRNA
  - 115% lesser of charge or 85% of MPFS
- SB – Certified Nurse Midwife
  - 115% of charge or 85% of MPFS
- AH – Clinical Psychologist
  - 115% lesser charge or 100% of MPFS
- AE – Nutritional professional or registered dietician
  - 115% lesser of charge or 85% MPFS

# Method II Modifiers cont.

- AJ – LCSW, MFT, MHC
  - 80% lesser of charge or 75% of amount determined for payment of LCSW, MFT and/or MHC
    - Facility specified MPFS amount times LCSW, MFT or MHC reduction (75%) minus (deductible and coinsurance) times 115%
- 54 – Global surgical split care for surgical care only
  - 85X TOB
  - Revenue codes: 96X, 97X, 98X
- 55 – Global surgical split care for postoperative management only
  - 85X TOB
  - Revenue codes: 96X, 97X, 98X



# Method II Anesthesia

- Revenue code 963
- HCPCS/CPT 00100–01999
- Units: base units in 15-minute increments excluding HCPCS 01995 and 01996
- Modifiers
  - AA – Anesthesia performed by anesthesiologist
  - GC – Performed by resident under direction of teaching physician
  - QK – Medical direction of two, three, or four concurrent anesthesia procedures
  - QY – Medical direction of one CRNA by anesthesiologist

Note: Medical direction modifiers should be listed first when reporting multiple modifiers

# Method II Assistant at Surgery Modifiers

- Physician, PA, NP or CNS
  - 80 – Assistant surgeon
  - 81 – Minimum assistant surgeon
  - 85 – Assistant surgeon (qualified resident surgeon not available)
- PA, NP, CNS
  - AS – PA, NP, CNS
  - Must also have 80, 81 or 82
- Co-Surgeon
  - 62 – Two surgeons
  - Used with surgical procedure code
    - Can have two lines with same code and modifier if both physicians reassign benefits under Method II

# LIDOS Requirement

- LIDOS required on every revenue code line
  - Identify DOS for each CPT/HCPCS code
    - Report in FL 45 “Service Date” (or electronic equivalent) Format: MMDDYY
    - Repeat each service (revenue code) on a separate line item with date service was provided for every occurrence
  - Example

Revenue Code	CPT/HCPCS	DOS	Units	Revenue Code
0510	G0463	010324	1	0510
0450	99282	010524	1	0450
0305	85025	010524	1	0305

# CAH Special Services

# Diagnostic Laboratory Services

- Outpatient services
  - On same day as specimen collection
  - Specimen collected by CAH employee
    - 85X TOB – in person patient
    - 14X TOB – Nonpatient (reference) test
- SNF labs
  - Billed by SNF if patient in Part A SNF stay
  - CAH may bill for Part B SNF patients
    - 85X TOB – if hospital employee draws lab or if SNF is hospital-based
    - 14X TOB – if nonhospital based or if SNF employee draws specimen
- Paid 101% of reasonable cost
  - No coinsurance or deductible applied

# CAH Ambulance Services

- Paid under [Ambulance Fee Schedule](#)
  - If another ambulance is within 35 miles of CAH
  - Non-CAH based ambulance closer to CAH
- Exempt from Ambulance Fee Schedule
  - Paid at 101% of reasonable cost if
    - CAH-based ambulance closer to CAH
    - Services provided by entity owned/operated by CAH
    - Ambulance service only service available within 35 miles of CAH
- Bill
  - TOB 85X
  - Condition code B2 – CAH ambulance attestation

# References and Resources

# CMS References and Resources

- [Critical Access Hospital Center](#)
  - [CAH certification](#)
- MLN Matters® Booklet: [MLN006400: Information for Critical Access Hospitals](#)
- CMS IOM Publications:
  - [100-04, Medicare Claims Processing Manual, Chapter 4 – Part B Hospital \(Including Inpatient Hospital Part B and OPPS\) Section 250 – Special Rules for Critical Access Hospital Outpatient Billing](#)
  - [100-04, Medicare Claims Processing Manual, Chapter 4 – Part B Hospital \(Including Inpatient Hospital Part B and OPPS\) Section 250.3.3 – Anesthesia and CRNA Services in a Critical Access Hospital \(CAH\)](#)
  - [100-07, State Operations Manual, Chapter 2 – The Certification Process](#)



# CMS Change Requests

- [Change Request 13502 – Payment for Marriage and Family Therapists \(MFTs\) and Mental Health Counselors \(MHCs\) in a Method II Critical Access Hospital \(CAH\)](#)
- [Change Request 7896 – Pass-through Payments for Certified Registered Nurse Anesthetist Anesthesia Services and Related Care](#)

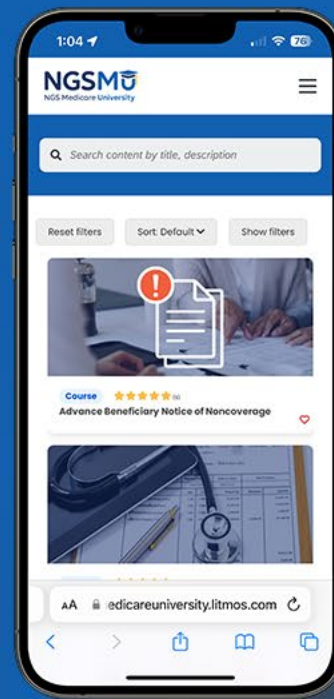
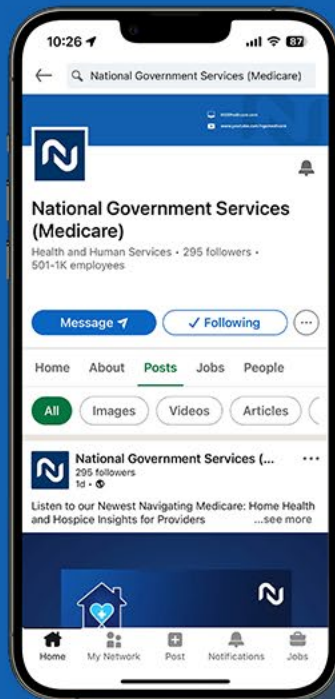
# NGS Resources

- [Eligible Method II Providers](#)
- [How to Determine if the Provider is Active and Get the Provider Enrolled in Medicare Part B](#)
- [Critical Access Hospitals: Bill Correctly](#)
- [Intensive Outpatient Program](#)



# Questions?

Thank you!



Connect with us on social media



[YouTube Channel](#)  
Educational Videos

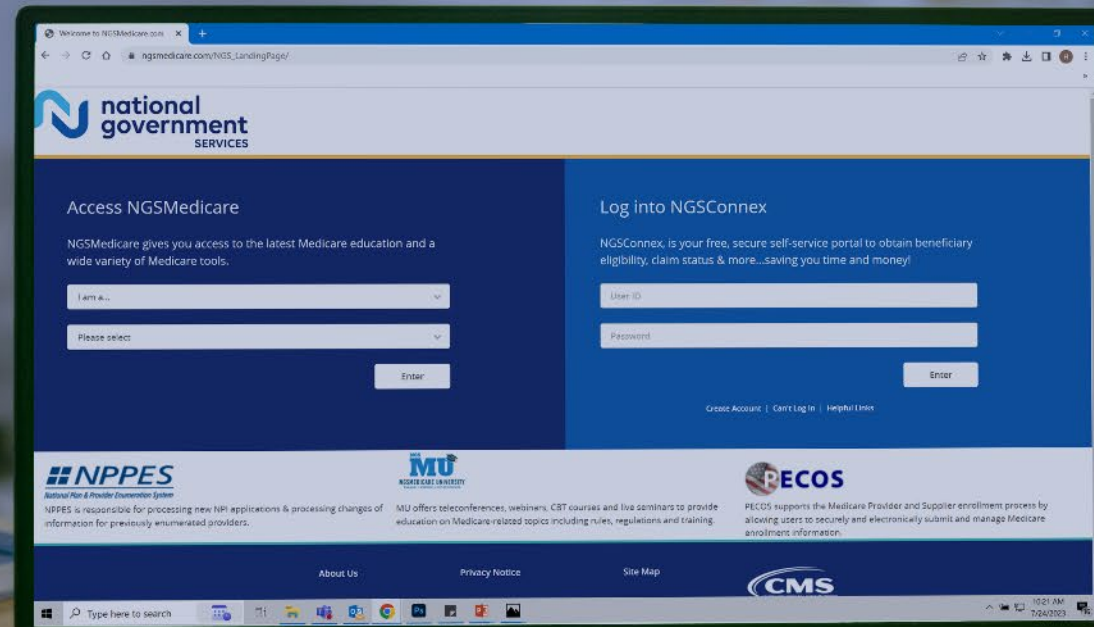


[Medicare University](#)  
Self-paced online learning



[LinkedIn](#)  
Educational Content

# Find us online



[www.NGS Medicare.com](http://www.NGS Medicare.com)

Online resources, event calendar, LCD/NCD, and tools



[IVR System](#)

The interactive voice response system (IVR) is available 24-hours a day, seven days a week to answer general inquiries



[NGSConnex](#)

Web portal for claim information



[Sign up for Email Updates](#)

Subscribe for Email updates at the top of any NGS Medicare.com webpage to stay informed of news