

# Payment Policy: Modifier SU – Procedure Performed in Physician’s Office (Facility & Equipment) (Commercial)



POLICY NUMBER	EFFECTIVE DATE	APPROVED BY
R20210034	1/01/2021	RPC (Reimbursement Policy Committee)

### **IMPORTANT NOTE ABOUT THIS REIMBURSEMENT POLICY:**

*ConnectiCare has policies in place that reflect billing or claims payment processes unique to our health plans. Current billing and claims payment policies apply to all our products, unless otherwise noted. ConnectiCare will inform you of new policies or changes in policies through updates to the Provider Manual and/or provider news. The information presented in this policy is accurate and current as of the date of this publication.*

*The information provided in ConnectiCare’s policies is intended to serve only as a general reference resource for services described and is not intended to address every aspect of a reimbursement situation. Other factors affecting reimbursement may supplement, modify or, in some cases, supersede this policy. These factors may include, but are not limited to: legislative mandates, physician or other provider contracts, the member’s benefit coverage documents and/or other reimbursement, medical or drug policies. Finally, this policy may not be implemented exactly the same way on the different electronic claims processing systems used by ConnectiCare due to programming or other constraints; however, ConnectiCare strives to minimize these variations.*

*ConnectiCare follows coding edits that are based on industry sources, including, but not limited to; CPT guidelines from the American Medical Association, specialty organizations, and CMS including NCCI and MUE. In coding scenarios where there appears to be conflicts between sources, we will apply the edits we determine are appropriate. ConnectiCare uses industry-standard claims editing software products when making decisions about appropriate claim editing practices. Upon request, we will provide an explanation of how ConnectiCare handles specific coding issues. If appropriate coding/billing guidelines or current reimbursement policies are not followed, ConnectiCare may deny the claim and/or recoup claim payment.*

## **Overview**

ConnectiCare has based this reimbursement policy on the guidelines established by the Centers of Medicare and Medicaid Services (CMS) regarding reimbursement of claims submitted with modifier SU appended.

## **Policy statement**

The Centers for Medicare and Medicaid Services (CMS) indicates that the Health Care Common Procedure Coding System (HCPCS) modifier SU is not payable as the costs associated with use of an office facility and equipment for any procedure(s) are included in the reimbursement to the physician performing the service.

CMS establishes Relative Value Units (RVU) for CPT and HCPCS codes that include the costs of running an office (such as rent, equipment, supplies and non-physician staff costs) which are referred to as the practice expense RVU. The practice expense RVU is one component of the total RVU for the procedure code and, therefore these expenses should not be separately reported with modifier SU.

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In accordance with CMS, ConnectiCare does not allow reimbursement for services appended with modifier SU in an office place of service since the use of the office facility and equipment is included in the practice expense RVU.

When a procedure is performed in an office setting (POS 11), the total charges for performing the service should be billed using the appropriate procedure code *without* modifier SU appended. *Procedure codes submitted with modifier SU will not be reimbursed.*

*Note: If the charges associated with the use of the modifier SU are submitted by a different provider than the physician performing the office procedure, they will not be considered for separate reimbursement since these practice expenses are considered included in the reimbursement for the physician performing the service.*

### Modifier SU:

Modifier	Description
SU	Procedure performed in physician's office (to denote use of facility and equipment)

### Definitions:

Term	Description
Place of Service 11	<b>Office or Physician Office:</b> Location, other than a hospital, skilled nursing facility (SNF), military treatment facility, community health center, State or local public health clinic, or intermediate care facility (ICF), where the health professional routinely provides health examinations, diagnosis, and treatment of illness or injury on an ambulatory basis.
Practice Expense	Costs associated with operating an office. Includes rent/mortgage, utilities, office supplies, clinical equipment and supplies, staffing expenses, etc.
Relative Value Units (RVU)	The assigned unit value of a particular CPT or HCPCS code. The associated RVU is either from the CMS NPFS Non-Facility Total value or Facility Total value.

### References

1. Centers for Medicare and Medicaid Services, CMS Manual System and other CMS publications and services
2. Centers for Medicare and Medicaid Services, Healthcare Common Procedure Coding System, HCPCS Release and Code Sets
3. American Medical Association, Coding with Modifiers

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4. AMA. "Medicare physician payment schedules." <https://www.ama-assn.org/practice-management/medicare-medicare/medicare-physician-payment-schedules>

**Revision history**

DATE	REVISION
5/2021	<ul style="list-style-type: none"><li>• New Policy</li></ul>