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Complete Healthcare Compliance Manual 2024
Revenue Cycle: Incident-to Billing

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What Is Incident-to Billing?

The term "incident-to billing" is a confusing shorthand for "services and supplies furnished as an incident to a physician's professional service."[2] In plain language, the term refers to the idea that Medicare permits coverage of a variety of services provided by professionals other than a physician (as long as they occur under a physician's supervision and direction), compensating the physician as if the services had been personally provided by the physician. Services billed as incident-to receive a higher rate than services billed independently by nonphysician professionals, such as nurse practitioners and physician assistants. Here's an example of an incident-to service: a nurse might take a patient's vitals when the patient visits a clinic and administer an injection or treat a wound at the doctor's direction. Under Medicare, the nurse's actions are bundled into the physician's encounter as an incidental part of the doctor's work, or incident-to expense.

Similarly, certain services furnished by a variety of medical professionals, such as physician assistants (PA), nurse practitioners (NP), and clinical nurse specialists (CNS), can be considered incident-to if the physician initiates the course of diagnosis and treatment and remains periodically involved throughout the course of care and if a few additional conditions are satisfied. For example, if a patient sees a physician and is diagnosed with pneumonia and returns for a follow-up visit a few weeks later with one of the clinic's NPs or PAs rather than the physician, the incident-to benefit allows the service to be billed by the physician even though the physician was seeing other patients while the NP or PA examined the patient. Similarly, physical, occupational, and speech therapy services can, but need not, be billed as incident-to. In addition, a variety of common procedures such as fitting a patient with a brace or delivering an injection can be billed as incident-to a physician's service as long as they meet the following conditions.

Generally speaking, a service by an auxiliary professional can be billed under the name and number of a physician as incident -to their work if:

- The service is not in a facility such as a hospital or skilled nursing facility. (Medicare's position is that the incident-to benefit cannot be used in a hospital-based clinic. Medicare does, however, permit "shared visits" in the hospital, as discussed later in this article.)
- The clinic is paying for the expense of the auxiliary professional providing the service.
- The clinic is the sole provider of medical direction.
- The physician has initiated the "course of diagnosis and treatment" for the patient and remains involved in the care, periodically seeing the patient during the course of treatment.[3] Once the physician initiates treatment, subsequent visits can be conducted solely by the nonphysician practitioner, but the physician is expected to see the patient during the initial encounter and again periodically (though no regulation specifies the frequency of follow-up). The Centers for Medicare & Medicaid Services (CMS) manuals refer to "active management and participation."[4]

- The service is something that is typically done in an office setting.
- The auxiliary professional is acting within the scope of that person's license.
- A supervising physician is present in the office suite, and the claim is submitted under the name of the supervising physician. Note that the physician supervising the service need not be the physician who initiated the course of treatment. However, the name on the claim should be the physician who was in the office suite even if that physician has never seen the patient.[5]

CMS has determined that when a service has a separate specified benefit under the Medicare program, the service may not be billed as incident-to. For example, since the Social Security Act includes a provision covering diagnostic tests, CMS asserts that diagnostic tests may not be billed incident-to a physician. Similarly, vaccines are specifically covered by a separate statutory provision.[6][7] Therefore, Medicare does not treat vaccine administration as a service incident-to a physician's services.

In many circumstances, services that are eligible to be billed incident-to a physician could also be billed independently by the professional providing the service. For example, imagine that a nurse practitioner is seeing a patient for a follow-up encounter during a patient's chemotherapy. It would be possible for the service to be billed under the nurse practitioner's name and billing number, but the reimbursement would be 85% of the amount paid if the physician bills for the service.

If services meet the incident-to requirements, the physician may bill the service and receive the full physician fee schedule reimbursement. That higher reimbursement is the primary advantage of billing incident-to the physician. Another possible benefit of billing incident-to is that under the Stark Law, a physician in a group practice may receive compensation credit for designated health services that are provided incident-to the physician's work. Stark generally prohibits physicians from receiving credit for designated health services provided by others. But in a group practice, there is an exception for designated health services that are incident-to.

Note that the incident-to benefit is created by the Medicare statute. While many state Medicaid programs and private insurers have chosen to adopt some analogous coverage, the requirements may differ from Medicare. Some payors have refused to extend any coverage for incident-to services.