



# Missouri College of Emergency Physicians

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## Downcoding of Claims

In 1997, Congress enacted the Prudent Layperson Standard (PLS) for Medicare and Medicaid managed care plans to prevent insurance companies from denying emergency department claims based upon a **FINAL DIAGNOSES** rather than the reason for the visit. Insurance companies are now attempting to circumvent PLS with new policies aimed at reducing payment (downcoding) for "non-emergent" ER visits. **These policies focus solely on final diagnoses rather than the reason the patient initially visited the emergency department.**

The American Medical Association encourages consistency in the choice of billing (CPT) codes and has provided instructions for proper code determination which is used by physicians and coders. (**The CPT coding information is publicly available for providers and insurance companies to access.**) Physicians select the procedure or service that "accurately identifies" the services performed to reach their final diagnoses. The key components in CPT code selection for emergency medicine are the extent of history, examination, and medical decision making that was performed.

Insurance companies have **developed proprietary software** that analyzes the CPT codes entered by the physicians against the patient's diagnoses and downcodes the CPT codes to what their software indicates is the "accurate" code. **The insurance companies then pay the physicians based on the new coding determined by their software without requesting additional medical records and without notifying the physician of the changes.**

We are hearing from our members that as many as 75% of their cases are overturned on appeal to the original amount billed. However, the appeals process is onerous, causes costly delays and adds bloat to the system.

Unlike other medical specialties, **emergency physicians are required by federal law (EMTALA) to see any patient that comes to the emergency department.** The emergency physicians have very little medical history available to them when seeing these patients and must tailor his/her evaluation and management to the presenting symptoms. The final diagnosis code only represents an endpoint after a thorough evaluation was performed, and in no way can accurately describe the work expended by the physician.

**This practice started with emergency medicine several years ago, but insurance companies are now expanding their downcoding practices to other specialties and healthcare industries including dentistry.**

## Please pass Senate Bill 401!

This act prohibits health carriers, including the operators of prepaid dental plans, from modifying medical codes on reimbursement claims in a way that results in a lower reimbursement amount. If additional information is required to process the claim as submitted, the statute regarding prompt payment of health insurance claims, or the statute regarding payment for emergency services, shall apply, as applicable. The act prohibits the carriers from stating or implying to patients that a claim for reimbursement was inappropriate or excessive, except as provided in the act.