Third-Party Reimbursement for PAs

PAs work to ensure the best possible care for patients in every specialty and setting. Their rigorous medical education, versatility, and commitment to collaborative care help practices function more efficiently while providing increased revenues and enhanced continuity of care. Medicare, Medicaid, TRICARE and nearly all commercial payers cover medical and surgical services delivered by PAs. Because of some variation in how claims should be submitted, it is important to verify each payer’s specific coverage policies for PAs.

**MEDICARE**

The Medicare program covers services that PAs provide in all practice settings at a uniform rate of 85 percent of the physician fee. Generally, all services for which Medicare would pay if provided by a physician are also covered when performed by a PA, in accordance with state law. Those include services provided in the office or clinic, any department of the hospital – including the emergency department – a skilled nursing facility, an ambulatory surgical center, and the patient’s home. Medicare defers to state law on the requirements for collaboration.

PA claims are submitted to Medicare at the full physician charge. Use of the PA’s National Provider Identifier (NPI) number alerts the Medicare Administrative Contractor (MAC) to pay at 85 percent.

Medicare rules do not require the physician to see or treat a patient or to be physically on site when a PA treats a patient if the service is billed to Medicare under the PA’s name. PAs are authorized to treat new patients or established patients with new medical problems when billing under their name and NPI. The Medicare program designates a limited number of services that can be performed only by physicians.

**Office-based services**

Services provided by PAs in private offices and clinics may be billed under the PA's NPI or Medicare's "incident to" provision if strict billing guidelines are met. The “incident to” provision allows PA-provided services to be billed under a physician name. Payment is made at 100 percent of the fee schedule if:

1. The physician personally treats, establishes the diagnosis, and develops the plan of care for a Medicare patient on the first visit for a particular medical problem.
2. A physician in the group (need not be the same physician who originally treated the patient) is physically on site when the PA provides follow-up care on a future visit.
3. The physician personally treats and diagnoses established Medicare patients who present with new medical problems.
4. The physician has an active part in the ongoing care of the patient. Subsequent services by the physician must be of a frequency that reflects his/her continuing active participation in, and management of, the course of the treatment.

AAPA policy describes the working relationship between PAs and physicians as collaborative. Medicare uses the term supervision.
**Hospital-based services**

Services provided by PAs in hospitals (inpatient, outpatient, operating room or emergency department) may be billed as evaluation and management (E/M) “shared visits” (reimbursed at 100 percent) if Medicare’s restrictive billing guidelines are met. Hospitals may bill under the physician’s name when, according to Centers for Medicare & Medicaid Services (CMS) national policy, a PA and a physician each personally “provide any face-to-face portion of the E/M encounter with the patient” on the same calendar day.  

Local MACs typically state that a PA and a physician must perform a substative portion of an E/M encounter with the same patient on the same calendar day, defining “substative portion” as all or some portion of the history, exam or medical decision-making key components of an E/M service. PA and physician must be employed by the same employer. MAC rules on shared visits vary by state; it is critical to know the specific policy of the local MAC.

If the hospital employs a PA, only the hospital is authorized to receive reimbursement for the PA-provided services. A physician who is not employed by the hospital can supervise a hospital-employed PA but may not capture or benefit from the PA’s reimbursement or professional work.

Professional services delivered by hospital-employed PAs must be billed to Medicare Part B. Hospitals may not include PA salaries in their Part A cost reports unless the PAs are providing nonclinical, administrative services. The percentage of a PA’s time/salary dedicated to administrative responsibilities may be placed in the hospital’s cost report.

Medicare restricts coverage for PAs, nurse practitioners and physicians who first assist in teaching hospitals, with limited exceptions. Qualified residents and fellows have priority. This restriction applies only to first assisting at surgery; the presence of residents or fellows does not limit the ability of PAs to deliver and be reimbursed for all other eligible services in the hospital.

**Physician involvement**

Generally, Medicare follows PA regulations established in each state regarding the degree of physician collaboration required. The physician need not be physically present with the PA when a service is furnished to a Medicare patient unless required by state law or facility policy. The collaborating physician must be immediately available to the PA for consultation, if necessary, by an effective, reliable means of communication, such as a cellphone. Having the physician co-sign a patient’s chart or discuss the patient with the PA does not allow billing the service under the physician’s name.

**PA employment status**

PAs may be W-2 employees, “leased employees” or independent contractors. In every case, the PA’s employer bills Medicare and receives reimbursement for services provided by the PA.

**NPI numbers**

All healthcare professionals who transmit or receive healthcare information electronically must have an NPI number. The NPI number is the identification number used by all public and commercial third-party payers. An NPI number can be obtained online from CMS.

**Medicare enrollment**

PAs who treat Medicare patients should enroll in the Medicare program through the Provider Enrollment, Chain, and Ownership System (PECOS) online enrollment system. Medicare requires that healthcare professionals have an NPI number before enrolling in the program.
**PA ownership**

If a state-approved corporate entity (e.g., professional medical corporation) qualifies as a provider of Medicare services, then CMS will allow PAs to own up to 99 percent of the corporation. Anyone who is not a PA may own the rest, as allowed by state law.

**MACRA/QPP**

Signed into law in 2015, the Medicare Access and CHIP Reauthorization Act (MACRA) repealed the sustainable growth rate formula and combined various Medicare quality and value programs into the Quality Payment Program (QPP). PAs are one of three health professional groups, along with physicians and advanced practice registered nurses, that qualify as eligible clinicians and are required to participate in one of two reporting and reimbursement tracks: the Merit-Based Incentive Payment System (MIPS) or the Advanced Alternative Payment Models.

**MEDICAID**

All 50 states and the District of Columbia cover medical services provided by PAs under Medicaid fee-for-service or Medicaid managed care programs. The reimbursement rate is either the same as or lower than that paid to physicians. Most Medicaid programs specifically enroll PAs in their programs. Whether enrolled or not, most services PAs deliver to Medicaid beneficiaries are covered.

**TRICARE**

TRICARE, the health benefit program for all seven uniformed services of the U.S. military, covers all medically necessary services provided by a PA. The physician with whom the PA works must be an authorized TRICARE provider. The employer bills, indicating the PA as the provider of care, and is reimbursed for services provided by the PA. Coverage under TRICARE for PAs is at 85 percent of the physician fee schedule, including for assisting at surgery. The program does not permit “incident to” billing for medical services that PAs provide.

**COMMERCIAL INSURANCE COMPANIES**

Nearly all commercial payers reimburse for services provided by PAs; however, they do not necessarily follow Medicare guidelines. Various insurers may have differing policies regarding whether PAs are enrolled or credentialed, what services PAs may provide, and how those services should be billed. Usually, commercial insurance plans cover PAs providing medically necessary services that are within the scope of PA practice. Some payers request that PAs submit claims under the physician’s name and provider number and reimburse for the PA’s services at the same rate a physician would receive. Some payers individually credential PAs and ask that claims be submitted under the PA’s name. It is essential to check with the individual payer as to how PA-provided services should be billed.

**LACK OF TRANSPARENCY AFFECTS PAs**

Billing for medical services provided by a PA under the name of the physician with whom the PA works (for example, under “incident to” or shared visit provisions) creates a lack of transparency in the billing process that could have negative consequences for PAs in programs such as MIPS. It means that the medical care that PAs provide, and their productivity, is essentially “hidden” or not reported within the Medicare claim systems and databases. A PA cannot be adequately evaluated on care quality metrics when the care he or she delivers is attributed to another professional.
AAPA advocates for increased transparency that would permit services performed by PAs to be correctly attributed to them. Transparency of PA-provided services is particularly important as quality reporting programs and publicly facing comparative websites, such as Physician Compare, rely on the accuracy of such data to assess PA capability and reimbursement.

Enrolling PAs and billing services under their names to identify them as distinctly recognizable professionals on claims creates clarity and accountability for PA-provided patient care services.

**THIRD-PARTY PAYMENT RESOURCES ONLINE**

The single most comprehensive resource on billing for PA services is “The Essential Guide to PA Reimbursement,” available through the AAPA Store. AAPA members pay $25. Nonmembers pay $125.

**AAPA’s Reimbursement web page** is the access point to a wide range of topics related to payment for services provided by PAs.

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**Disclaimer**

*Every reasonable effort is made to ensure the accuracy of this information. The final responsibility for the correct submission of claims and the understanding of payer regulations and requirements remains with the provider of the service and with those who submit claims. Medicare, Medicaid and commercial payer policies change frequently. The information presented is not meant to be construed as legal, medical or payment advice.*

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**References**


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