PECOS May Cost You Some Pesos

INTRODUCTION

Radiologists are required to identify the referring physicians when they submit claims to the Medicare program for services that require referrals. Centers for Medicare and Medicaid Services (CMS) has announced a program to verify that all referring providers are eligible to refer within the program. Initially, CMS indicated that effective January 1, 2011, all referring physicians must be enrolled in the Medicare program through the Provider Enrollment Chain and Ownership System (PECOS) [1]. In response to the Patient Protections and Affordable Care Act (PPACA), CMS indicated in its Interim Final Rule that the regulation would become effective July 6, 2010 [2]. However, during an open door forum on May 19, 2010, CMS indicated the date at which claims would be effective would be January 3, 2010 [3]. If a referring physician is not in the CMS PECOS database, the radiologist who furnishes an ordered service will not be paid for that service. The policy places radiologists at risk for not being paid for legitimate services provided to Medicare beneficiaries. Moreover, radiologists will be required to take a more proactive role in confirming the enrollment status of physicians from whom they receive referrals. In this column, I discuss the PECOS program and the types of services that are affected. I also discuss processes that radiology practices should implement now so that they are ready when the program goes into effect.

WHAT IS PECOS?

PECOS is an Internet-based service through which enrollment takes place. The enrollment requirement

will affect several types of claims for payment arising from referrals, including those made to “imaging centers for ordered imaging procedures.” During phase 1 of the program (through January 2, 2011), claims involving nonregistered referring physicians will be processed but include a message that “the claims may not be paid in the future if the ordering/referring provider is not enrolled in Medicare.” After January 3, 2011, the program enters phase 2, and claims arising from nonregistered referring physicians will be denied payment [4].

The program creates a challenge for radiologists because many physicians who are currently enrolled with the Medicare program may not be present in the PECOS database. Some physicians simply may not be aware of this requirement, particularly those who registered with Medicare before 2003, when the PECOS database was developed. In fact, a letter signed by 56 different medical societies and associations and sent to CMS estimates that as many as 30% of all Medicare physicians are not in PECOS and will need to reenroll [5]. Referring physicians can enroll online in the Internet-based PECOS database or via paper using the Medicare Provider Enrollment Application (CMS 855i and 855b). Radiologists should understand that it can take as long as 2 months to process new enrollments [6].

TAKE ACTION NOW

Groups should do their due diligence in 2010 to ensure that their referring physicians are registered with the program. There are two sources to aid in ensuring that referring physicians are registered. First, during phase 1 of the program, claims for payment for referrals from nonregistered physicians will be flagged by CMS that payment may be denied in the future. Second, radiology business managers may confirm that their current referring physicians are registered with the program by consulting the Eligible Referring/Ordering Physician List [7]. All nonenrolled referring physicians should be contacted. Because all treating and referring physicians are technically required to participate in PECOS, it should not be a burdensome request for referring physicians to register with the program. Radiology practices may consider a generic letter to their referring physicians recommending and demonstrating how they may confirm their status in PECOS. However, radiologists may encounter resistance from some referring physicians who view the registration request as yet another inconvenience imposed by radiologists, similar to preauthorization approvals. Some referring physicians may even find it intrusive that a radiologist has checked their Medicare status, and others may not feel any urgency or incentive to participate. Still others may expect radiology offices to help them register. As a consequence, radiology groups may be placed in the unwanted position of not accepting patients from physicians who either fail or refuse to update their status in PECOS.

Practices should be particularly mindful of physicians who do not typically refer Medicare patients, such as dentists, pediatricians, or physicians providing services for the Department of Veterans Affairs, the Public Health Service, or the Department of Defense.
These practitioners may not be aware of the PECOS registration requirement. Registration is even required for physicians who have opted out of the Medicare program altogether but who still may refer Medicare patients. The CMS has indicated that further guidance will be provided with respect to all types of providers who only occasionally refer Medicare patients.

For academic practices, care should be taken about indicating that referrals are from interns, who cannot be registered with PECOS because they do not yet have medical licenses. Residents may or may not have licenses. Therefore, the teaching physician should be the referring doctor, rather than an intern or resident.

When billing offices process radiology claims, care should be taken with the fields in which the referring physician is indicated because mistakes in identifying the referring physicians may result in no match for the referring physician in PECOS. For example, “nicknames” or credentials (eg, “Dr”) should not be used on the claims form, and the referring physician’s accurate National Provider Identification number should be confirmed and correctly recorded [2].

CONCLUSION

Radiologists usually must receive referrals for the valuable services we provide. Through PECOS, CMS will confirm that referrals of Medicare patients are from physicians properly enrolled in the program. Although well intended, the PECOS program may place radiologists at risk for nonpayment for legitimately provided services. To address this possibility, radiology practices must be “hands on” in ensuring that referring doctors are registered with PECOS.

Indeed, confirming eligibility adds to the expense of the preapproval process for outpatient examinations and requires engagement with our referring physicians. Although referring physicians may view this as simply another hurdle to obtaining radiology studies on their patients, an aggressive strategy by radiologists to encourage PECOS registration during 2010 would be prudent. This will ensure that there are no denied payments when the PECOS program for referring physicians is fully implemented by CMS.

REFERENCES

2. 75 Federal Register 24437.

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