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As Prior Auth Gets Underway, Hospitals Will Have Several Chances for Claims Approval

By Nina Youngstrom

Starting July 1, hospitals are required to ask Medicare for prior authorization for five outpatient procedures, but there's no such thing as flat-out rejection. If the answer is "no," hospitals can keep asking Medicare to approve payment, assuming there's documentation of medical necessity somewhere. When they hit a dead end, hospitals still have appeal rights. But prior authorization is not always a guarantee they will hold onto their payment forever. If hospitals are suspected of gaming the system, they may be audited on the back end by CMS's program integrity contractors.

"While the procedures that will require prior authorization represent only 0.188% of CMS outpatient spending on procedures, CMS feels that the amount spent on them has increased over the past 10 years out of proportion to the average increase across all procedures," said Ronald Hirsch, M.D., vice president of R1 RCM, at a June 4 webinar sponsored by [RACmonitor.com](https://racmonitor.com). "They all also precariously straddle the line between medical necessity and cosmetic indications."

The prior authorization process,^[1] which was announced in the 2020 Outpatient Prospective Payment System/Ambulatory Surgical Center final rule,^[2] is in the hands of Medicare administrative contractors (MACs). It's starting with five procedures—blepharoplasty, botulinum toxin injections, panniculectomy, rhinoplasty and vein ablation—but hospitals should brace for an expansion of prior authorization to other procedures, Hirsch said. Hospitals are required to get MAC approval for the surgeries before submitting claims. The process only applies to fee-for-service Medicare for procedures performed at hospital outpatient departments (type of bill 13x), although CMS may eventually add ambulatory surgery centers, he said.

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