



November 13, 2017

Trent Haywood, MD, JD  
Chief Medical Officer  
Office of Clinical Affairs  
Blue Cross Blue Shield Association  
225 North Michigan Ave  
Chicago, IL 60601

Re: Inappropriate Reduction of Modifier 25 Reimbursement

Dear Dr. Haywood:

On behalf of the 13,500 U.S. members of the American Academy of Dermatology Association (AADA), we are writing you regarding the increase in Blue Cross Blue Shield Association plans implementing an inappropriate reduction in Modifier 25 reimbursement. Since 2016 Blue Cross Blue Shield Association plans have begun reducing reimbursement for modifier 25 and by February 1, 2018 plans in California, Connecticut, Kentucky, Maine, Missouri, Nevada, New Hampshire, Ohio, Pennsylvania, Rhode Island, and Wisconsin markets will have implemented this reduction. This policy imposes a reimbursement reduction on an Evaluation and Management (E/M) service appended with modifier 25 at 50 percent when it is performed with a procedure having a 0-, or 10-day post-operative period. The AADA and the state dermatology associations are committed to excellence in the medical and surgical treatment of skin disease; advocating high standards in clinical practice, education, and research in dermatology and dermatopathology; and supporting and enhancing patient care to reduce the burden of disease. We are concerned that this new policy contradicts well-accepted coding conventions and guidelines.

The intent of modifier 25, according to Current Procedural Terminology (CPT) guidelines, is to describe a significant, separately identifiable, and medically necessary E/M service performed on the same day as a procedure, outside of the global fee concept. In the course of skin examinations or evaluation of unrelated skin disease, dermatologists sometimes discover suspicious lesions that necessitate a skin biopsy and/or other procedure, such as a destruction of a cancerous or precancerous lesion. Performance of a medically necessary procedure on the same day as an E/M service is generally done to facilitate a prompt diagnosis or streamline treatment of a complex condition. Providing

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medically necessary, distinct services on the same date allows physicians to provide effective and efficient, high quality care, in many cases saving patients a return visit. Separate services should be reimbursed appropriately and in accordance with established coding conventions and guidelines, whether provided on the same date or different dates. Modifier 25 is specifically indicated for use when distinct E/M services not included in a procedure's RUC vignette and/or distinguishable from any E/M work inherent to a procedure's valuation are done. As such, 25 modifier specified E/M work is no less than what would be done if the patient were to be evaluated on a separate day. Therefore, it is totally unreasonable to arbitrarily diminish the value of that work by relegating it to a 50 percent payment reduction when it is done on the same day as a procedure.

It is unclear how performance of a procedure on the same day as a separate E/M service justifies any reduction in full reimbursement of the E/M service. Perhaps association plans erroneously believe that there is some overlap in physician work and practice expenses between an E/M service and a minor procedure similar to overlap between procedures that results in multiple surgery reduction.

Physician work, practice expense, and malpractice inputs for E/M and dermatology procedure codes are purposely structured to ensure there is no overlap. Furthermore, the AMA Relative Value Scale Update Committee is now automatically reducing procedure pre-service time and physician work values, as well as practice expenses, for all codes typically billed with an E/M visit (even if the code is often billed alone). Therefore, these codes have already had their value reduced in the Medicare fee schedule to account for potentially overlapping work and practice expense performed during an E/M service. Additional reduction in an appropriately billed separate unrelated E/M service is thus arbitrary, unfair, and without merit.

Assuming that your association plans calculate the relative value of its physician reimbursements using the Medicare fee schedule as a guide, this reimbursement reduction policy is now inappropriately further reducing the value of these codes. As such, the undersigned organizations request data that justifies a 50 percent reduction in E/M value.

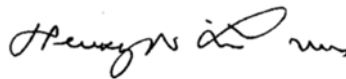
In conclusion, the undersigned organizations request that the Blue Cross Blue Shield Association urge member associations to:

- Reconsider implementation of modifier 25 policies that inappropriately reduces the value of E/M services; and

- Provide rationale that justifies a 50 percent reduction for separate unrelated E/M services when reported with a procedure.

We welcome the opportunity to engage in a dialogue about this issue and request an opportunity to meet with you at your convenience. Please contact David Brewster, Assistant Director for Practice Advocacy, American Academy of Dermatology Association at 202-609-6334 or [dbrewster@aad.org](mailto:dbrewster@aad.org) to set up a mutually agreeable time to meet. We thank you for your consideration of this important issue.

Sincerely,



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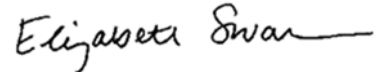
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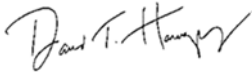
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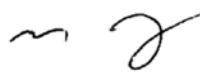
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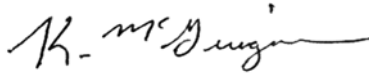
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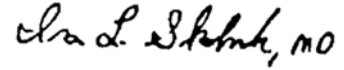
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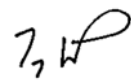
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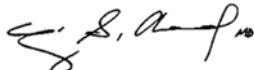
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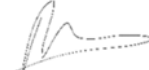
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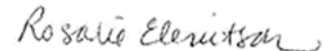
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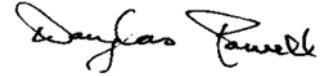
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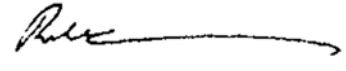
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