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MODIFIER 25 AND E/M CODING IN 2021

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The recently released 2021 CPT[®] office or other outpatient evaluation and management (E/M) guidelines will not affect the reporting of services and/or procedures provided on the same date as an E/M encounter. However, there are certain guidelines that dermatologists and non-physician clinicians (NPCs) must review to ensure accurate reporting of modifier 25. The Centers for Medicare and Medicaid Services (CMS) and other private payers believe that modifier 25 is constantly reported in error, making it a target for scrutiny by the Office of the Inspector General (OIG) and other payer claim audits. Below is guidance to help avoid some of the most common pitfalls. You can also get detailed information on [appropriate use of modifier 25](#) with the Academy's new resource.

Reporting modifier 25 with a procedure

CMS and the American Medical Association (AMA) CPT define modifier 25 as *a significant, separately identifiable E/M service by the same physician or other qualified health care professional on the same day of the procedure or other service.*

For example, sometimes it may be necessary to indicate that on the day a service or minor procedure is performed, the patient's condition(s) required a *significant, separately identifiable E/M service above and beyond* the other service(s) provided, or beyond the usual pre- and post-operative care associated with the procedure that was performed. Documentation is imperative to justify a separate E/M service in addition to the minor procedure.

The E/M service may be prompted by the symptom or condition for which the procedure and/or service was provided. As such, different diagnoses are not required for reporting of the E/M services on the same date. When this criterion is met, modifier 25 is appended to the appropriate level of E/M service. The service or procedure code reported with the E/M must carry a "0" or "10" day global period. (See [Medicare 2020 NCCI Coding Policy Manual: Section D. Evaluation and Management \(E&M\) Services.](#))



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Reporting modifier 25 with total time

When total time is used for E/M code selection, the time associated with activities used to meet the criteria for the E/M service cannot overlap with the time required to perform a procedure on the same day, particularly with non-face-to-face activities. This means that when reporting an E/M service based on time with a minor procedure on the same date of service, do not include the time spent performing the minor procedure in the calculation of total time spent providing the E/M service.

Private insurers and specific Medicare carriers may have more or less restrictive guidelines regarding use of modifier 25. Individual Medicare Administrative Contractors (MACs) may or may not require appending modifier 25 to new patient E/M codes. Furthermore, dermatology practices should be mindful of their modifier 25 utilization patterns. Patient mix and practice patterns will determine appropriate use and reporting of modifier 25.

Below are some scenarios to help further understand appropriate reporting of modifier 25.

Scenario 1: A new patient complains of numerous rough bumps on the scalp and forehead, nose, cheeks, and ears. Lesions are tender and itchy. Lesions are progressive over several years and have not been treated previously. Patient does not use sunscreen. There are no other skin concerns.

Physical examination reveals numerous gritty erythematous papules on the scalp and forehead, nose, cheeks, and ears and also reveals three hypertrophic keratotic papules on the dorsal hands.

After discussion of treatment options, topical 5-fluorouracil was prescribed for actinic keratosis (AKs) on the scalp and face, daily for 21 days. The treatment with topical therapy was extensively discussed including the anticipated inflammation, erythema, pain, and itching. Three hypertrophic AKs on the hands are treated with cryosurgery.

This example supports the reporting of a separate E/M service in addition to the minor procedure. The evaluation and management of actinic keratoses (which are separate from the lesions undergoing cryosurgical destruction) with topical medications is separate and distinct from the procedure as described. The E/M service with modifier 25 is reportable.

Note: Although criteria for separate E/M reporting are met, the claim adjudication should be closely monitored for possible denial of the E/M service and should be appealed if necessary.

Scenario 2: A patient presents with an itchy, burning rash with bright erythema and scaling over the entire body with thickening of the palms and islands of sparing. The dermatologist is highly suspicious for pityriasis rubra pilaris and discusses this diagnosis for the patient including treatment options. A punch biopsy is performed to confirm the diagnosis.

In this example, Academy coding staff recommend that you do not report an E/M service with modifier 25 as only the punch biopsy is reportable for this encounter. Making a clinical diagnosis and discussion of possible treatment options depending on the histologic report is included in the biopsy global package. NCCI policy manual prevents the reporting of a separate E/M service for the work associated with the decision to perform a minor surgical procedure whether the patient is a new or established patient. (See the [Medicare Claims Processing Manual](#).)



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Scenario 3: A new 80-year-old female patient presents with a two-month history of pruritic and tender, tense blisters and erosions as well as urticarial plaques on the trunk and extremities. A personal history reveals no associated organ system disease, and a family history does not reveal autoimmune disease. A complete skin examination, evaluation of eye and mouth mucosae, and palpation of lymph node basins is done.

You discuss potential diagnoses and treatment options. A tangential skin biopsy is performed on the left upper extremity to aid in diagnosis. Baseline blood work is ordered including complete blood cell count and renal and liver function tests. The patient is started on low-dose prednisone to start healing of bullae.

In this example, both the minor procedure and the E/M service with modifier 25 are reportable. Although making a clinical diagnosis is included in the global package for the biopsy codes, the evaluation and management consisting of ordering lab work and starting a new prescription medication creates a distinct E/M beyond the usual preoperative and postoperative care associated with a procedure.

Scenario 4: A new patient presents with biopsy-proven squamous cell carcinoma in-situ (SCCIS) on the right shoulder diagnosed by a primary care provider. The lesion started as a scratch that never healed. It was getting bigger and occasionally bleeding. There was no prior treatment. The patient was also concerned about dark spots on the trunk and face that “have been getting bigger and more numerous for a few years.” The patient also complains of numerous crusty, itchy growths on the back that have been enlarging over the last year.



New Academy E/M coding tool

The Academy's new E/M coding tool can help determine the levels of service. Just answer a few key questions!

Exam of the back, chest, arms, face, and neck is performed, and multiple pigmented macules are noted on the sun-exposed areas. The back has four hyperkeratotic brown papules. The right shoulder has a 1.3-cm erythematous scaly plaque with a well-healed biopsy site. Discussion takes place of the nature of the SCCIS condition, risk factors, and management options: topical 5-fluorouracil or imiquimod creams, electrodesiccation and curettage (ED&C), and traditional surgical excision. The patient elects to treat the SCCIS with ED&C, which can be performed that day. Solar lentigines on the face, neck, trunk, and arms are diagnosed. The patient is advised of the benign nature of the lentigines, and sun protection is reviewed. The diagnosis of seborrheic keratosis on the back is made, and the pathophysiology of these benign lesions are discussed.

In this example, both the E/M service with modifier 25 and the procedures are reportable. The E/M service separately addresses the patient's complaints associated with the lentigines and seborrheic keratoses. These are separate and distinct problems that require medical decision making beyond the evaluation of the SCCIS which is treated with minor procedure (ED&C).

Find additional [2021 E/M coding guidance](#).

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Classifieds