| CMS Manual System | **Department of Health & Human Services (DHHS)** |
|---|---|
| Pub 100-08 Medicare Program Integrity | **Centers for Medicare & Medicaid Services (CMS)** |
| **Transmittal 366** | **Date: February 4, 2011** |
| | **Change Request 7228** |

**SUBJECT: Auto Denial of Claim Line(s) Items Submitted With a GZ Modifier**

**I. SUMMARY OF CHANGES:** This CR requires that all MACs, CERT, RACs, PSCs and ZPICs shall automatically deny claim line(s) items submitted with a GZ modifier. Contractors shall not perform complex medical review on claim line(s) items submitted with a GZ modifier. All MACs shall make all language published in educational outreach materials, articles, and on their Web sites, consistent to state all claim line(s) items with a GZ modifier shall be denied automatically and will not be subject to complex medical review.

**EFFECTIVE DATE: July 1, 2011**
**IMPLEMENTATION DATE: July 5, 2011**

***Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.***

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED

| R/N/D | CHAPTER / SECTION / SUBSECTION / TITLE |
|---|---|
| **R** | 3/Table of Contents |
| **N** | 3/3.16/Auto Denial of Claim Line(s) Items submitted with a GZ modifier |

**III. FUNDING:**
**For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:**
No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

**For Medicare Administrative Contractors (MACs):**
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the contracting officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the contracting officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**IV. ATTACHMENTS:**
**Business Requirements**

**Manual Instruction**

**Unless otherwise specified, the effective date is the date of service.*

# Attachment - Business Requirements

| Pub. 100-08 | Transmittal: 366 | Date: February 4, 2011 | Change Request: 7228 |
|---|---|---|---|

**SUBJECT: Auto Denial of Claim Line(s) Items Submitted With a GZ Modifier**

**Effective Date: July 1, 2011**
**Implementation Date: July 5, 2011**

## I. GENERAL INFORMATION

**A. Background:** Health and Human Services Office of General Counsel (HHS OGC) has provided guidance that Medicare contractors that process both institutional and professional claims have discretion to automatically deny claim line(s) items billed with the GZ modifier. The GZ modifier indicates that an ABN was not issued to the beneficiary and signifies that the provider expects denial due to a lack of medical necessity based on an informed knowledge of Medicare policy. According to this guidance from HHS OGC, an automated edit shall be established to deny Part A and B claim line(s) items that contain a GZ modifier.

**B. Policy:** In Pub. 100-04, Medicare Claims Processing Manual, Chapter 23 (Fee Schedule Administration and Coding Requirements), Section 20.9.1.1 (Instructions for Codes With Modifiers (Carriers Only)), Part E, **(**Coding for Noncovered Services and Services Not Reasonable and Necessary) states, **"**The GZ modifier must be used when physicians, practitioners, or suppliers want to indicate that they expect that Medicare will deny an item or service as not reasonable and necessary and they have not had an Advance Beneficiary Notification (ABN) signed by the beneficiary."

## II. BUSINESS REQUIREMENTS TABLE

| Number | Requirement | Responsibility (place an "X" in each applicable column) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | A/B MAC | DME MAC | FI | CARRIER | RHHI | Shared-System Maintainers | | | | Other |
| | | | | | | | FISS | MCS | VMS | CWF | |
| 7228-08.1 | Contractors shall automatically deny claim line(s) items submitted with a GZ modifier. | X | X | X | X | X | X | | | | CERT<br>RAC<br>ZPIC<br>PSC |
| 7228-08.2 | Contractors shall not perform complex medical review on claim line(s) items submitted with the GZ modifier. | X | X | X | X | X | | | | | CERT<br>RAC<br>ZPIC<br>PSC |
| 7228-08.3 | Refer to Pub. 100-04, Medicare Claims Processing Manual, Chapter 23, Section 20.9.1.1 under paragraph F, "GZ Modifier" for the MSN and codes to be used when denying claim line(s) items submitted with a GZ modifier. | X | X | X | X | X | X | | | | CERT<br>RAC<br>ZPIC<br>PSC |

| Number | Requirement | Responsibility (place an "X" in each applicable column) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | A/B MAC | DME MAC | FI | CARRIER | RHHI | Shared-System Maintainers | | | | Other |
| | | | | | | | FISS | MCS | VMS | CWF | |
| 7228-08.4 | Contractors shall make all language published in their educational outreach materials, articles and on their Web sites, consistent to state all claim line(s) items submitted with a GZ modifier shall be denied automatically and will not be subject to complex medical review. | X | X | X | X | X | | | | | |

## III. PROVIDER EDUCATION TABLE

| Number | Requirement | Responsibility (place an "X" in each applicable column) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | A/B MAC | DME MAC | FI | CARRIER | RHHI | Shared-System Maintainers | | | | Other |
| | | | | | | | FISS | MCS | VMS | CWF | |
| 7228-08.5 | A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv.<br>Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly. | X | X | X | X | X | | | | | |

## IV. SUPPORTING INFORMATION

**Section A: for any recommendations and supporting information associated with listed requirements, use the box below: N/A**

| X-Ref Requirement Number | Recommendations or other supporting information: |
|---|---|
| | None. |

**Section B: For all other recommendations and supporting information, use this space: N/A**

## V. CONTACTS

**Pre-Implementation Contact(s):** Latesha Walker Latesha.Walker@cms.hhs.gov
Andrea Glasgow Andrea.Glasgow@cms.hhs.gov

**Post-Implementation Contact(s):** Contact your Contracting Officer's Technical Representative (COTR) or Contractor Manager, as applicable.

## VI. FUNDING

**Section A: For *Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs)*:**

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

**Section B: *For Medicare Administrative Contractors (MACs)*:**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the contracting officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the contracting officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

# Medicare Program Integrity Manual
## Chapter 3 - Verifying Potential Errors and Taking Corrective Actions

**Table of Contents**
***(Rev. 366, 02-04-11)***

## *3.16 Auto Denial of Claim Line(s) Items submitted with a GZ modifier*

***(Rev. 366, Issued: 02-04-11, Effective: 07-01-11, Implementation: 07-05-11)***

*This section applies to MACs, CERT, RACs, PSCs and ZPICs, as indicated.*

*A. General*

*Effective for dates of service on and after July 1, 2011, all MACs, CERT, RACs, PSCs and ZPICs shall automatically deny claim line(s) items submitted with a GZ modifier. Contractors shall not perform complex medical review on claim line(s) items submitted with the GZ modifier. The GZ modifier indicates that an ABN was not issued to the beneficiary and signifies that the provider expects denial due to a lack of medical necessity based on an informed knowledge of Medicare policy. All MACs shall make all language published in educational outreach materials, articles, and on their Web sites, consistent to state all claim line(s) items submitted with a GZ modifier shall be denied automatically and will not be subject to complex medical review. See Pub. 100-04, Medicare Claims Processing Manual, chapter 23, section 20.9.1.1. under paragraph F "GZ Modifier" for codes and the MSN to be used when automatically denying claim line(s) items submitted with a GZ modifier.*