



## **Self-Fulfilling Prophecy**

One of the primary reasons the prosthetic provider inflates the U&C price above Medicare reimbursement rates is based upon the common knowledge that insurance carriers will demand a discount. By marking up the price, the expected negotiation provides a discount for the payer resulting in a final negotiated price that is typically close to Medicare reimbursement.

Another important point is that each part of the prosthesis will have a separate L-Code to identify the specific component and function. In some instances, a single component may have a collection of codes to identify each function that a component provides.

## **Unbundling 99 Codes**

While the L-Code system provides a specific code for each feature and function, new and emerging technologies often do not have a designated code. For new advancements that do not have a defined code, there is a group of codes referred to as 99 Codes. Specifically, for lower-extremity prosthetics the code is "L5999, Lower Extremity Prosthesis, not otherwise specified" and for upper-extremity prosthetics the code is "L7499, Upper Extremity Prosthesis, not otherwise specified".

With these 99 Codes, there is no standard or set description of the device, nor is there established pricing. In fact, the provider has complete autonomy to independently describe and price the device without restriction or limitation. Providers routinely set pricing levels in anticipation of the negotiating a discount. Therefore, it is important to identify the wholesale cost of the device to validate a fair and reasonable mark-up that is comparable to the established components.

A common practice with 99 codes is to "unbundle" them. The following is an unedited example from a prior authorization request for a single prosthetic hand where the provider unbundled the device with a separate code for each function and feature of the hand:

- L7499: Object specific compliant grip feature
- L7499: Addition to terminal device, lateral pinch feature
- L7499: Tripod pinch feature, addition to terminal device
- L7499: Power grip feature, addition to terminal device
- L7499: Index point feature, addition to terminal device
- L7499: Hand modification upgrade
- L7499: Brushless motor, higher speed
- L7499: Addition to flexion wrist, locking feature
- L7499: Addition to electric terminal device, heavy duty design
- L7499: Proportional microprocessor control feature
- L6882: Microprocessor control upper limb
- L6881: Term dev auto grasp feature

This list of 99 Codes were unnecessarily unbundled to describe a single prosthetic hand. Furthermore, the claim includes two base codes for a myo-electric hand, L6882 and L6881. It is important to note that the provider purchased this hand as a single line item from a manufacturer indicating that the device should have been coded to the insurance carrier as a single line item.

For this example, the logical and appropriate method to code for the myo-electric hand is to bundle the 12 codes into one single code, L7499: TASKA™ Myo-Electric Hand. By utilizing a single code with a clear description, it identifies the model of hand being provided, TASKA™ Myo-Electric Hand, and allows for a transparent negotiation to arrive at a reasonable and fair market value.

### **Establishing Fair Market Value**

The goal when negotiating for a prosthetic device is to arrive at a fair market value. The negotiated price should be fair to the provider to warrant a reasonable and fair profit. For the payer, the negotiated price should be equitable to ensure a balance among value, quality and service. More importantly, the negotiated price should be fair to the injured worker to ensure they receive appropriate and medically necessary care in a timely and professional manner.

When reviewing a claim there are two primary guidelines to follow to ensure a fair market value for the provider, payer and injured worker:

1. Compare the U&C pricing profile to Medicare reimbursement rates; understanding that negotiating significantly below Medicare rates may challenge a fair and reasonable profit for the provider.
2. If a claim has more than two or three 99 Codes, there is a high likelihood that a device has been unbundled. Collapse the codes to a single 99 Code and identify the wholesale cost of the device to establish a fair market value.

Streamlining the process to arrive at a fair market value provides a positive impact on the injured worker's care. Encouraging transparent communication to identify appropriate coding and pricing, allows the prosthetic provider to quickly and efficiently treat the injured worker with medically necessary services while securing a fair and reasonable profit for their effort. Implementing a solution that addresses the inconsistent reimbursement for prosthetic services is key to effectively managing prosthetic costs and delivering positive injured worker outcomes.

### **About Dale Berry, CP, FAAOP, LP**

Dale Allen Berry is an internationally recognized, board certified prosthetist with over 35 years of clinical care experience. Berry is the clinical advisor for Orchid Medical's comprehensive prosthetics program, Prosthetic ASSESS™. For 20 years, Berry served as vice president of clinical operations for the nation's largest provider of prosthesis with 800 clinics and 2,000 clinicians treating one million patients per year. Berry invented the advanced prosthetic assessment validation evaluation test and protocol, currently identified as the industry standard. Furthermore, he developed a clinical operational procedure resulting in the approval of advanced computerized prosthesis for over 25,000 individuals with above knee amputation. He has authored over 5,000 prosthetic life cost plans and over 25 peer-reviewed studies and editorials. Berry is certified by the American Board for Certification (ABC) in Orthotics & Prosthetics and he is a licensed prosthetist (LP) in Texas, Illinois and Minnesota. In addition, he is a member of the Fellow of the American Academy of Orthotists & Prosthetists (FAAOP).