Modifier 25 Payment Policy

Line of Business: McLaren Health Advantage, McLaren Health Plan Medicaid HMO, McLaren Medicare Advantage HMO, McLaren Community HMO (Collectively McLaren)

Effective Date: 8/1/2025

This policy applies to the use and reimbursement of modifier 25 when a significant and separately identifiable E & M service is billed in addition to the primary service provided, such as a preventive care visit. If there is a conflict between this policy and applicable federal or state laws, regulations or regulatory requirements, the applicable laws or regulations will control. Further, if there is a conflict between this policy and a provider contract, the provider contract will govern. Note – coverage may be mandated by MDHSS or CMS.

Providers are required to submit accurate claims and documentation for all services performed.

Providers must submit claims using valid code combinations required by applicable law. Claims should be coded appropriately according to industry standard coding guidelines. All claims are subject to claim edits and may be subject to further reviews by McLaren or contracted third parties. Providers are expected to promptly work with McLaren and any third parties to provide any requested information related to a claim submission.

Description
Modifier 25 should be used when a significant, separately identifiable evaluation and management (E/M) service is performed on the same day as another procedure or service by the same physician or other qualified health professional. The E/M service must be medically necessary and clearly documented as a significant, separate service, supported by evidence that meets the criteria for the specific level of E/M service being reported.

Modifier 25 can only be used with E/M CPT code ranges 92002-92014, 99201-99499 and HCPCS codes G0101 and G0175.

When an E/M service is reported with another service or procedure, the E/M service should include work performed above and beyond the usual services associated with the primary procedure performed on the same date of services.

CMS criteria for the use of Modifier 25
If a procedure has a global period of 000-010 days, it is defined as a minor surgical procedure. In general E/M services on the same date of services as the minor surgical procedure are included in the payment for the procedure. The decision to perform a minor surgical procedure is included in the payment for the minor surgical procedure and should not be reported separately as an E/M service. However, a significant and separately identifiable E/M service unrelated to the decision to perform the minor surgical procedure is separately reportable with modifier 25. The E/M service

and minor surgical procedure do not require different diagnoses. If a minor surgical procedure is performed on a new patient, the same rules for reporting E/M services apply. The fact the patient is "new" to the provider is not sufficient alone to justify reporting an E/M service on the same date of services as a minor surgical procedure. NCCI contains many, but not all, possible edits based on these principles.

Reimbursement Policy
McLaren will reimburse E/M services with modifier 25 reported by the same provider on the same day when the E/M service is a medically necessary, significant, separately identifiable E/M service. The E/M service with modifier 25 will be reimbursed with a 50% reduction from the applicable professional fee schedule.

Claims for E/M services submitted with modifier 25 and no other services reported by the same provider on the same day will not be reimbursed.

Audit
McLaren or a third party may audit or otherwise review all paid claims to ensure the integrity of the paid claims. This includes, but is not limited to coding validation, payment accuracy, compliance with regulations, policies, and contractual requirements. These reviews include clinical claim reviews and payment analytics.

Sources: American Medical Association. Reporting CPT Modifier 25. *CPT© Assistant (Online) 2023,33(11):1-12.*

CMS National Correct Coding Initiative, Chapter 11