E/M Emergency Department Services

Information posted July 18, 2011

Section 104 of the *Tax Equity and Fiscal Responsibility Act* of 1982 (TEFRA) requires that Medicare and Medicaid limit reimbursement for non-emergent and non-urgent physician evaluation and management (E/M) services that are furnished in outpatient hospital settings (e.g., clinics and emergency rooms). This rule applies to services that are rendered to Texas Medicaid or Children with Special Health Care Needs (CSHCN) Services Program clients. To comply with the TEFRA rule, non-emergent and non-urgent E/M services that are rendered by physician providers in outpatient hospital settings are reduced by 40 percent.

Currently, the 40-percent reduction in reimbursement is determined by the diagnosis code that is submitted on the claim. Effective for dates of service on or after September 1, 2011, the 40-percent reduction in reimbursement will be based upon the emergency department E/M procedure code that is submitted on the claim.

The reimbursement for emergent or urgent physician services that are rendered in the outpatient hospital emergency department setting is not affected by this limitation.

Emergency services are those rendered in a hospital emergency room after the sudden onset of a medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain), such that the absence of immediate medical attention could reasonably be expected to result in one of the following:

- Serious jeopardy to the client’s health.
- Serious impairment to bodily functions.
- Serious dysfunction of any bodily organ or part.

This information updates the 2011 *Texas Medicaid Provider Procedures Manual, Medical and Nursing Specialists, Physicians and Physician Assistants Handbook*, subsection 8.5.3, “Reimbursement.”

For more information, call the TMHP Contact Center at 1-800-925-9126 or the TMHP-CSHCN Services Program Contact Center at 1-800-568-2413.