



Reimbursement Policy:

Procedure/Surgery Performed in Physician's Office (Facility & Equipment) (Commercial)

POLICY NUMBER	EFFECTIVE DATE:	APPROVED BY
RPC20230046	1/1/2021	RPC (Reimbursement Policy Committee)

Reimbursement Guideline Disclaimer: We have policies in place that reflect billing or claims payment processes unique to our health plans. Current billing and claims payment policies apply to all our products, unless otherwise noted. We will inform you of new policies or changes in policies through postings to the applicable Reimbursement Policies webpages on emblemhealth.com. Further, we may announce additions and changes in our provider manual and/or provider newsletters which are available online and emailed to those with a current and accurate email address on file. The information presented in this policy is accurate and current as of the date of this publication.

The information provided in our policies is intended to serve only as a general reference resource for services described and is not intended to address every aspect of a reimbursement situation. Other factors affecting reimbursement may supplement, modify or, in some cases, supersede this policy. These factors may include, but are not limited to, legislative mandates, physician or other provider contracts, the member's benefit coverage documents and/or other reimbursement, and medical or drug policies. Finally, this policy may not be implemented the same way on the different electronic claims processing systems in use due to programming or other constraints; however, we strive to minimize these variations.

We follow coding edits that are based on industry sources, including, but not limited to, CPT® guidelines from the American Medical Association, specialty organizations, and CMS including NCCI and MUE. In coding scenarios where there appears to be conflicts between sources, we will apply the edits we determine are appropriate. We use industry-standard claims editing software products when making decisions about appropriate claim editing practices. Upon request, we will provide an explanation of how we handle specific coding issues. If appropriate coding/billing guidelines or current reimbursement policies are not followed, we may deny the claim and/or recoup claim payment.

Overview:

This policy provides reimbursement guidelines for physician office-based procedures/surgeries; including claims submitted with modifier SU appended.

Policy Statement:

EmblemHealth allows reimbursement to a physician for office-based procedures/surgeries. This reimbursement includes all expenses involved in the performance of the surgery or diagnostic testing unless provider, state, or federal contracts and/or mandates indicate otherwise.

Reimbursement Guidelines

EmblemHealth will not separately reimburse any other provider or vendor that furnishes any items for and/or during performance of the office-based surgery. The office-based fee allowance that is reimbursed to the physician is inclusive of all necessary overhead expenses.

EmblemHealth fee schedule methodologies incorporate office-based site of service differentials for most routinely and commonly performed office-based surgeries. Therefore, EmblemHealth will only consider claims submitted by the physician who performs the office-based surgery and the associated expenses for reimbursement.

In addition, EmblemHealth's reimbursement for office-based diagnostic testing includes all expenses involved in the performance of the test, including supplies, overhead, and equipment utilized to render such tests.

Claims submitted by a different provider than the physician performing the office-based procedure/surgery, will not be considered for separate reimbursement. *The use of modifier SU will not override the denial.*



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Modifier SU

In accordance with CMS, EmblemHealth does not allow reimbursement for office-based services appended with modifier SU since the use of the office facility and equipment is included in the practice expense RVU.

The Centers for Medicare and Medicaid Services (CMS) indicates that the Health Care Common Procedure Coding System (HCPCS) modifier SU is not payable as the costs associated with use of an office facility and equipment for any procedure(s) are included in the reimbursement to the physician performing the service.

CMS establishes Relative Value Units (RVU) for CPT and HCPCS codes that include the costs of running an office (such as rent, equipment, supplies and non-physician staff costs) which are referred to as the practice expense RVU. The practice expense RVU is one component of the total RVU for the procedure code and, therefore these expenses should not be separately reported with modifier SU.

When a procedure is performed in an office setting (POS 11), the total charges for performing the service should be billed using the appropriate procedure code *without* modifier SU appended. *Procedure codes submitted with modifier SU will not be reimbursed and will be denied.*

Note: If the charges associated with the use of the modifier SU are submitted by a different provider than the physician performing the office-based procedure, they will not be considered for separate reimbursement since these practice expenses are considered included in the reimbursement for the physician performing the service.

Modifier	Description
SU	Procedure performed in physician's office (to denote use of facility and equipment)

Definitions:

Term	Definition
Place of Service 11	Office or Physician Office: Location, other than a hospital, skilled nursing facility (SNF), military treatment facility, community health center, State or local public health clinic, or intermediate care facility (ICF), where the health professional routinely provides health examinations, diagnosis, and treatment of illness or injury on an ambulatory basis.
Practice Expense	Costs associated with operating an office. Includes rent/mortgage, utilities, office
Relative Value Units (RVU)	The assigned unit value of a particular CPT or HCPCS code. The associated RVU is either from the CMS NPFS Non-Facility Total value or Facility Total value.

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Term	Definition
Site of Service Differential	Difference in reimbursement, based on where the professional service is performed. Some professional services may be provided either in a facility or a non-facility. When a professional service is provided in a facility, the costs of the clinical personnel, equipment, and supplies are incurred by the facility, not the physician practice. For this reason, reimbursement for professional services provided in a facility may be lower than if the services were performed in a nonfacility setting.

References:

- Centers for Medicare and Medicaid Services, CMS Manual System and other CMS publications and services
- Centers for Medicare and Medicaid Services, Healthcare Common Procedure Coding System, HCPCS Release and Code Sets
- American Medical Association, Coding with Modifiers
- AMA. "Medicare physician payment schedules." <https://www.ama-assn.org/practice-management/medicare-medicare-medicare-physician-payment-schedules>

Revision History

Company(ies)	DATE	REVISION
EmblemHealth	9/16/2025	- Policy Statement updated - Policy language updated; clarifying content added and content moved from policy statement section to reimbursement guidelines section
EmblemHealth	9/16/2025	- Transferred policy content to individual company-branded template. No changes to policy number. - Policy Title updated (removed "Modifier SU" from title)
EmblemHealth ConnectiCare	11/30/2023	Reformatted and reorganized policy, transferred content to new template with new Reimbursement Policy Number
EmblemHealth ConnectiCare	1/1/2021	- EH: New Policy - CCI: New Policy