



www.wpsmedicare.com

## Limiting Charge

The limiting charge is the maximum amount that most non-participating providers are allowed to charge for services to a Medicare beneficiary on an unassigned basis. The limiting charge does not apply to participating providers, non-participating providers when assignment is accepted, and some non-physician practitioner specialties that are required to bill on an assigned basis.

The following listing details important information about the limiting charge:

- The limiting charge amount for most physician fee schedule services are listed under [WPS Medicare Provider Part B - Fees and Reimbursement](#). This constitutes "notice" of the Medicare charge limits for those services.
- A provider can collect no more than the Medicare approved amount for such services. The limiting charge provision does not apply to assigned services,
- The limiting charge is 115% of the Medicare allowed amount for services performed by nonparticipating physicians, i.e., 95% of the fee schedule for participating physicians. If the service is reduced in processing to accommodate provisions of the Medicare law, the limiting charge is 115% of the reduced allowed amount.
- Services that are not separately payable are also subject to limiting charge. The charge for the service is the amount of the limiting charge violation.
- The submission of a non-assigned physician fee schedule service with a charge in excess of the Medicare limiting charge amount constitutes a violation of the limiting charge. A provider who violates the limiting charge is subject to assessments of up to \$10,000 per violation plus triple the amount of the charges in violation, and possible exclusion from the Medicare program.
- For non-assigned services, the provider must use the information on the Standard Provider Remittance (SPR) to calculate the limiting charge amounts to determine if a limiting charge violation has occurred. Providers will automatically receive SPRs on non-assigned claims, unless the provider or beneficiary has specifically requested the provider not receive them. Send requests for reinstatement of SPR for non-assigned claims to:  
WPS Medicare Part B  
Provider Enrollment  
P.O. Box 8248  
Madison, WI 53708
- The SPR serves as notice to the provider that a refund must be made for an overcharge. If you believe a claim was submitted with an error, or that an error was made in processing, you may submit additional or corrected information for review and possible adjustment. Providers who choose not to receive SPR for non-assigned claims are still required to refund overcharges.
- Medicare notifies beneficiaries on their Medicare Summary Notices (MSNs) when the limiting charge is exceeded. The MSN also informs beneficiaries how much the provider can legally bill for the service.



### Limiting Charge Calculations

While the base for calculating the limiting charge is the fee schedule amount, it is subject to various claims processing adjustments before it is multiplied by the 115% factor. Some types of adjustments include (but are not limited to):

- Special factors such as increases based on the use and justification of modifier 22 or 50,
- Splitting the global surgery fee between two physicians, or
- Reducing the fee for additional surgical or diagnostic procedures performed at the same time.

These adjustments change the fee schedule amount and the corresponding limiting charge for the services involved. Therefore, for the application of limiting charge calculations, it is incorrect to interpret the term "fee schedule amount" to mean a fixed amount.

To calculate the limiting charge, locate the dollar amount shown in the Allowed Amount column on the SPR and multiply it by 115%. The result is the correct limiting charge for that detail. Subtract the limiting charge amount from your billed amount of the service to determine the overcharge to be refunded to the patient. For a single line claim, this amount will match the amount show on the line identified by ANSI message CO45 "Charges exceed your contracted/legislated fee arrangement." For a multiple line claim, the CO45 message appears only once with a total of overcharges. Any line item with a zero allowed amount identified with CO45 is also a limiting charge excess and must be refunded to the patient.

#### Examples:

1. Billed amount = \$92.00  
Approved amount of \$75.00 x 115% = \$86.25 limiting charge  
*The patient's responsibility is shown on the SPR as \$86.25. The provider has exceeded the limiting charge by \$5.75.*
2. Billed amount = \$115.00  
Approved amount of \$50.00 = \$ 57.50 limiting charge  
(reduced by 50% due to multiple surgery guidelines) x 115%  
*The patient's responsibility is shown on the SPR as \$57.50. The provider has exceeded the limiting charge by \$57.50.*
3. Billed amount = \$80.00  
Approved amount = \$0 = \$ 0.00 limiting charge  
(not separately payable) x 115%  
*The patient's responsibility is shown on the SPR as \$0. The provider has exceeded the limiting charge by \$80.00.*

### Correction of Limiting Charge Violation

If you want to notify Medicare that you have corrected a limiting charge violation, proper documentation is necessary:

- A photocopy of the refund check issued to the patient or a photocopy of the account record clearly showing a credit adjustment against an outstanding balance. (*A credit against a zero balance is not acceptable.*)



[www.wpsmedicare.com](http://www.wpsmedicare.com)

- Patient information that includes the Health Insurance Card Number, date of service, procedure code, and charge. *(The claim control number is helpful but not required.)*

Please send your correction documentation to:

WPS Medicare Part B  
Monitoring Unit  
PO Box 8810  
Marion, IL 62959