

AMERICAN MEDICAL ASSOCIATION HOUSE OF DELEGATES

Resolution: 714
(A-24)

Introduced by: Texas
Subject: Automatic Downcoding of Claims
Referred to: Reference Committee G

1 Whereas, in recent years there has been a sharp increase in health plans using third-party
2 software, algorithms, artificial intelligence, or some other automated process to deny or
3 downcode evaluation and management (E/M) service levels based solely on the diagnosis
4 code(s), Current Procedural Terminology/Healthcare Common Procedure Coding System
5 code(s), or modifiers submitted on a claim; and
6

7 Whereas, a review of the medical record is necessary to determine if the E/M service level billed
8 should be denied or downcoded; and
9

10 Whereas, these software programs and algorithms should not be used as the sole determinant
11 of E/M service level denials or downcoding; and
12

13 Whereas, the explanation of benefits, remittance advice documents, or other claim adjudication
14 notices do not provide the physician notice that a service was downcoded; therefore be it
15

16 RESOLVED, that our American Medical Association vigorously oppose health plans exclusively
17 relying on software, algorithms, or other methodologies excluding review of the patient's medical
18 record to deny or downcode evaluation and management services, other than correct coding
19 protocol denials, based solely on the Current Procedural Terminology/Healthcare Common
20 Procedure Coding System codes, International Classification of Diseases, 10th Revision, codes,
21 and/or modifiers submitted on the claim (New HOD Policy); and be it further
22

23 RESOLVED, that our AMA support that, after review of the patient's medical record and
24 determination that a lower level of evaluation and management code is warranted, the
25 explanation of benefits, remittance advice documents, or other claim adjudication notices
26 provide notice that clearly indicates a service was downcoded using the proper claim
27 adjustment reason codes and/or remittance advice remark codes (New HOD Policy); and be it
28 further
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30 RESOLVED, that our AMA advocate for legislation to provide transparency and prohibit
31 automated denials, other than National Correct Coding Initiative denials, or downcoding of
32 evaluation and management services based solely on the Current Procedural
33 Terminology/Healthcare Common Procedure Coding System codes, International Classification
34 of Diseases, 10th Revision, codes, or modifiers submitted on the claim (Directive to Take
35 Action); and be it further
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37 RESOLVED, that our AMA further evaluate what legislative and/or legal action is needed to
38 prevent insurers from automatic downcoding and to provide transparency on all methodology of
39 processing claims. (Directive to Take Action)
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Fiscal Note: Moderate - between \$5,000 - \$10,000

Received: 5/10/2024

REFERENCES

1. X12. [Remittance Advice Remark Codes](https://x12.org/codes/remittance-advice-remark-codes). Updated: 3/1/2024. <https://x12.org/codes/remittance-advice-remark-codes>.
2. X12. [Claim Adjustment Reason Codes](https://x12.org/codes/claim-adjustment-reason-codes). Updated: 3/1/2024. <https://x12.org/codes/claim-adjustment-reason-codes>.

RELEVANT AMA POLICY

H-70.937 Bundling and Downcoding of CPT Codes

Our AMA: (1) vigorously opposes the practice of unilateral, arbitrary recoding and/or bundling by all payers; (2) makes it a priority to establish national standards for the appropriate use of CPT codes, guidelines, and modifiers and to advocate the adoption of these standards; (3) formulates a national policy for intervention with carriers or payers who use unreasonable business practices to unilaterally recode or inappropriately bundle physician services, and support legislation to accomplish this; and (4) along with medical specialty societies, calls on its members to identify to our AMA specific CPT code bundling problems by payers in their area and that our AMA develop a mechanism for assisting our members in dealing with these problems with payers. [Res. 802, I-98; Reaffirmed: Res. 814, A-00; Modified: Sub. Res. 817; Reaffirmed: BOT Rep. 8, I-00; Reaffirmation I-01; Reaffirmation I-04; Reaffirmation A-06; Reaffirmation A-07; Reaffirmed: CMS Rep. 01, A-17]