

Teaching Health Centers (THCs) Cannot Use the Teaching Physician Primary Care Exception Modifier

A technical problem exists regarding allowing payments under the Teaching Physician primary care exception to be made for residents training in THCs. These regulations allow for independent practice, by residents and subsequent billing for certain non-complex codes in ambulatory practice settings. Because the regulations were written in 1995, before THCs came into existence, they are limited to situations where residents are funded under Medicare graduate medical education (GME), while THC residents are funded through HRSA.

Solution needed: Apply the Teaching Physician Primary Care Exception rules for payments for services furnished by residents in patient care activities in determining payments made under Section 340H of the Public Health Service Act in addition to those furnished by residents under Medicare GME. (See §415.174 (a)(1))

§415.174 Exception: Evaluation and management services furnished in certain centers.

(a) In the case of certain evaluation and management codes of lower and mid-level complexity (as specified by CMS in program instructions), carriers may make physician fee schedule payment for a service furnished by a resident without the presence of a teaching physician. For the exception to apply, all of the following conditions must be met:

(1) The services must be furnished in a center that is located in an outpatient department of a hospital or another ambulatory care entity in which the time spent by residents in patient care activities is included in determining intermediary payments to a hospital under §§413.75 through 413.83, [or for which payments made under Section 340H of the Public Health Service Act to Teaching Health Center Graduate Medical Education programs.](#)