

Modifier SU - Procedure Performed in Physician’s Office (Facility and Equipment)

Last Updated: 5/14/2025

Last Reviewed: 5/14/2025

Originally Effective: 1/1/2000

Last update includes payment policy changes, subject to 28 TAC §3.3703(a)(20)(D)? No

If yes, Texas Last Update Effective Date: n/a

Policy #: RPM070

Scope

Companies: Moda Partners, Inc. and its subsidiaries & affiliates (All)

Provider Contract Status: Any

Claim Forms: CMS1500 & CMS1450 (paper and electronic versions)

Claim Dates: All

Reimbursement Guidelines

A. No reimbursement is allowed for any service(s) appended with modifier SU.

1. The costs associated with operating an office, using the facility, and using the equipment for any procedure(s) are included in the reimbursement to the physician performing the service.
 - a. 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 nonphysician staff costs) which are referred to as the practice expense RVU.^{10, 11}
 - b. The practice expense RVU is one component of the total RVU for the procedure code.¹²
 - c. These expenses should not be separately reported with modifier SU.
2. CMS indicates that HCPCS modifier SU, Procedure performed in physician’s office (to denote use of facility and equipment), is not payable.^{3, 4}
3. If the charges associated with the use of the modifier SU are submitted by a different provider than the physician performing the office 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.

B. Exceptions: None.

Definitions

Acronyms/Abbreviations

Acronym	Definition
AMA	American Medical Association
CMS	Centers for Medicare and Medicaid Services
CPT	Current Procedural Terminology
HCPCS	Healthcare Common Procedure Coding System (acronym often pronounced as "hick picks")
IT	Information Technology
MPFS / MPFSDB	(National) Medicare Physician Fee Schedule Database (aka RVU file)
PFS	Physician Fee Schedule
RBRVS	Resource-Based Relative Value Scale
RPM	Reimbursement Policy Manual (e.g., in context of “RPM052” policy number, etc.)
RVU	Relative Value Unit

Definition of Terms

Term	Definition
Direct Practice Expense RVU	Includes: Supplies, Equipment, and non-Physician clinical labor. ¹⁰
Indirect Practice Expense RVU	Includes: Administrative overhead—non-clinical labor, rent, utilities, IT. ¹⁰
Practice Expense	The costs associated with the direct and indirect practice resources associated with operating an office and furnishing medical services. Includes rent/mortgage, utilities, office supplies, clinical equipment and supplies, staffing expenses, etc. Practice expense is one component of the RVU assigned to a procedure code on the Medicare Physician Fee Schedule.
Relative Value Units	Resource-based relative value units (RVUs) comprise the core of the Medicare Physician Fee Schedule (MPFS). CMS publishes quarterly updates to the MPFS on the CMS website. Each CPT or HCPCS code on the MPFS has an assigned RVU unit Total Value. Either the Non-Facility Total value or Facility Total value is used for pricing, depending upon the place of service. For more information about RVUs, see Resources. ^{5, 6, 7, 8, 9}

Modifier Definitions

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

Related Policies

- A. [“Moda Health Reimbursement Policy Overview.”](#) Moda Health Reimbursement Policy Manual, RPM001.
- B. [“Medical, Surgical, and Routine Supplies.”](#) Moda Health Reimbursement Policy Manual, RPM021.

Resources

1. CMS. *Medicare Claims Processing Manual* (Pub. 100-4). Chapter 12 – Physician Practitioner Billing, § 20, 20.1, 20.1.A.
2. AMA. “Medicare physician payment schedules.” March 15, 2019. <https://www.ama-assn.org/practice-management/medicare/medicare-physician-payment-schedules> .
3. TCI. “Modifier SU – Ask An Expert.” TCI SuperCoder. June 6, 2012: March 18, 2019. <https://www.supercoder.com/my-ask-an-expert/topic/su-modifier> .
4. hcpcsdata.com. “Modifier SU.” Last accessed March 18, 2019. <https://www.hcpcsdata.com/Modifiers/S/SU> .
5. CMS. “Medicare Physicians Fee Schedule (MPFS).” *Medicare Claims Processing Manual* (Pub. 100-4). Chapter 12 – Physician Practitioner Billing, § 20.
6. CMS. “Method for Computing Fee Schedule Amount.” *Medicare Claims Processing Manual* (Pub. 100-4). Chapter 12 – Physician Practitioner Billing, § 20.1.
7. CMS. “Relative Value Units (RVUs).” *Medicare Claims Processing Manual* (Pub. 100-4). Chapter 12 – Physician Practitioner Billing, § 20.2.
8. RAND Corporation. “Overview of the MPFS.” *Improving Practice Expense Data & Methods Town Hall – June 16, 2021 Read Ahead Materials*, pp. 2-3. Last updated June 16, 2021; Last accessed January 26, 2022. <https://www.cms.gov/Medicare/Health-Plans/HealthPlansGenInfo/Downloads/testfile.pdf> .

9. Burgette, Lane F., et al. "Practice Expense Data Collection and Methodology: Phase II Final Report." Santa Monica, CA: RAND Corporation, 2021. Last accessed October 4, 2022. https://www.rand.org/pubs/research_reports/RRA1181-1.html .
10. CMS. "Improving Practice Expense Data & Methods Town Hall – June 16, 2021 Meeting Materials - Presentation Slides." Centers for Medicare & Medicaid Services (CMS). Last updated June 16, 2021; Last accessed: April 24, 2024. <https://www.cms.gov/regulations-and-guidance/guidance/transmittals/2017downloads/test.pdf> .
11. CMS. "Supplies." *Medicare Claims Processing Manual* (Pub. 100-4). Chapter 12 – Physician Practitioner Billing, § 20.4.4.
12. CMS. "Method for Computing Fee Schedule Amount, Formula." *Medicare Claims Processing Manual* (Pub. 100-4). Chapter 12 – Physician Practitioner Billing, § 20.1.A.

Policy History

Reminder: The most current version of our reimbursement policies can be found on our provider website. If you are using a printed or saved electronic version of this policy, please verify the current information by going to: https://www.modahealth.com/medical/policies_reimburse.shtml

Date	Summary of Update
5/14/2025	Acronyms & Related Policies updated. Formatting updates. No policy changes.
5/8/2024	Acronyms, Definition of Terms, & Resources updated. Formatting updates. No policy changes.
7/12/2023	Definition of Terms& Resources updated. Minor rephrasing. No policy changes.
7/13/2022	Policy History section added; entries prior to 2022 omitted (in archive storage). Acronym Table updated. Formatting updates. No policy changes.
4/10/2019	Policy document initially approved by the Reimbursement Administrative Policy Review Committee & initial publication.
1/1/2000	Original Effective Date (with or without formal documentation). Policy based on CMS policy; modifier SU is assigned HCPCS Coverage Code I = Not payable by Medicare on the HCPCS Quarterly Update file.