

Natera: Company Using Incorrect Billing Codes to Inflate Insurance Cost, According to Billing Experts

Horizon 274, a genetic screening test by the company Natera (NTRA), provides prospective parents a simple way to forecast over 200 potential genetic conditions that they could pass on to their children. While the test relies on either a single blood draw or saliva swab, a *Capitol Forum* investigation finds that Natera is invoicing insurance companies for dozens of individual procedures covered by the test, racking up five-figure charges that are leaving consumers bewildered.

In online forums and Natera's [Yelp](#) page, which Yelp has flagged for suspicious positive reviews, couples are complaining about bills from their insurance companies that could leave them on the hook for upwards of \$15,000 for the Horizon tests. These high bills come despite the fact that Natera offers a cash price of \$349 price for Horizon for customers who opt to not be billed through their insurance company, according to a company document. Consumers are also complaining about unexpectedly high bills for the company's Panorama test, which tests fetal DNA for genetic conditions.

One expectant mother who used Natera screening tests said the unexpectedly high bills added extreme stress to her pregnancy. "It's kind of taken the joy out of it to go through all this," Ann, a customer who asked that we only use her first name as she is in ongoing negotiations with Natera, said. "I would never go through it ever again."

To rack up such high bills, Natera is employing a dubious medical billing tactic known as "unbundling," according to billing experts interviewed by *The Capitol Forum* who reviewed Explanations of Benefits (EOB) insurance companies provided to Natera customers.

According to the American Medical Association, genetic tests like Horizon that cover a wide range of conditions should be billed using a single medical code, known as a Current Procedural Terminology (CPT) code, rather than the multiple CPT codes that could be used if each condition was tested individually.

Using that single CPT code (known as 81443), however, would result in far fewer tests for which a laboratory could be reimbursed by insurance and much less money going to the laboratory.

Medical invoices sent to patients of Natera and reviewed by *The Capitol Forum* reveal that the company is unbundling its single Horizon 274 test into as many as 27 unique genetic tests. Billing insurance at the Medicare payment rate for CPT 81443 would have resulted in a charge of \$2,448.56, rather than the roughly \$15,000 that the 27 individual CPT codes added up to.

“It’s kind of like the sum of the parts is greater than the whole,” said Peggy Stilley of AAPC, the world’s largest medical coding training and credentialing company.

“If Natera is still using this practice, it is abusive billing, and it does not meet the industry standard,” said Michael F. Arrigo, an [expert](#) in medical billing and coding, adding that “there is a correct code for this procedure that significantly reduces cost, but Natera is unbundling all of the tests and billing separately to inflate the cost improperly.”

In addition to unbundling its test, in some cases Natera is also using a modifier code on its bills that would make it more likely for insurance companies to recognize the dozens of CPT codes as part of one single procedure. That code, modifier 59, has been identified by the Health and Human Service Office of Inspector General as ripe for abuse in the past.

Natera has previously been scrutinized for similar billing practices. In 2018, Natera [settled](#) a lawsuit with the Department of Justice to resolve claims of overbilling federal insurance programs like Medicaid by using improper CPT codes for reimbursement for its Panorama prenatal test. Natera agreed to pay the government over \$11 million, though whistleblowers alleged that the company had overbilled the government by as much as \$80 million.

“From the point of view of the government, it would be disconcerting for a company that got into trouble only a short while ago to apparently be engaged in similar practices” said Michael Elliott of Elliott Sauter PLLC. Prior to starting his firm, Elliott was an Assistant United States Attorney and the criminal healthcare fraud coordinator and lead attorney for the Medicare Fraud Strike Force in North Texas, working closely with the Department of Justice on whistleblower cases against healthcare providers.

“When you have a false claims act settlement, it inevitably brings into focus the company’s compliance program, and a lot of times there are also corporate integrity agreements that accompany them. Looking into CPT codes would likely be at the top of the priority list of that compliance group. It is something that should be addressed in the first instance. You never want to be accused of making the same mistake twice,” Elliott said.

The Horizon and Panorama tests represent a significant portion of the Natera’s revenue. In the third quarter of 2019, the Horizon and Panorama tests earned the company \$26.1 million and \$37.6 million, respectively, totaling roughly 81% of Natera’s revenue for the quarter. Natera offers several [variations](#) of its Horizon test, with Horizon 274 being the most expansive. All insurance claims reviewed by *The Capitol Forum* were for Horizon 274 tests.

In response to a request for comment, a Natera representative stated that the company’s “billing and coding is based on advice from outside legal and coding experts” and that the company uses billing “codes as outlined in our contractual agreements with insurance companies.”

Unbundling CPT codes. In 2019, the American Medical Association issued new guidance for CPT code billing. Included in that guidance was a new code, CPT [81443](#), which is intended for genetic tests that cover a wide range of inherited conditions such as Cystic Fibrosis and Tay-Sachs disease, among many others.

The AMA’s guidance for the use of CPT 81443 notes that “while there are current CPT codes that describe testing for individual, specific inherited conditions such as Tay-Sachs (81255) and associated inherited conditions such as Ashkenazi Jewish associated disorders (81412), code 81443 is intended to report screening for multiple severe inherited conditions with a single test... the intent of code 81443 is to consolidate screening for multiple severe inherited conditions into one CPT code when at least 15 of the specified genes are analyzed.”

Natera itself was aware of this change and its applicability to its Horizon test. A [letter](#) sent to a customer by Natera’s Chief Compliance Officer and obtained by *The Capitol Forum* states that “without knowing the billing rules for a specific insurance company, the test is typically billed using CPT 81443, *Genetic testing for severe inherited conditions*.” The test refers to the Horizon 274 carrier screening test.

Natera also appeared to be aware of what the new 81443 CPT code could do to its revenues. According to the company’s most recent SEC [filings](#), “a new CPT code for expanded carrier screening went into effect beginning January 1, 2019, and has had, and may continue to have an adverse effect on our reimbursement rates for our broader Horizon carrier screening panel, for which we previously primarily received reimbursement on a per-condition basis, as those tests may be reimbursed as a combined single panel instead of as multiple individual tests. Because our revenues from Horizon continue to represent an increasing proportion of our overall revenues, a decline in our reimbursement rates for, and therefore our average selling price of, Horizon, could result in a decline in our overall revenue.”

Medicare’s Physician Fee Schedule, which many insurance companies base their billing costs off of, states that CPT 81443 should be reimbursed at a rate of \$2,448.56.

Despite recognizing the applicability of CPT 81443 to the Horizon test, Natera did not use the code in two invoices from different insurers sent to *The Capitol Forum* by patients who used the Horizon test in 2019. Instead, Natera used up to 27 individual CPT codes to bill insurance companies, invoicing them for each individual procedure. A third invoice for a Horizon test from 2019 reviewed

by *The Capitol Forum* did not reveal the CPT codes billed by Natera, but the number and cost of the line items billed were consistent with the other unbundled invoices. *The Capitol Forum* is not publishing the insurance documents in order to protect patient privacy.

By unbundling each test, Natera was able to bill each insurance company roughly \$15,000 for its Horizon test. For example, Natera used individual CPT codes such as 81200, 81220, 81209, 81255, which each cover unique genetic tests for Canavan disease, Cystic Fibrosis, Bloom syndrome, and Tay-Sachs disease, respectively. Those conditions all should have collectively been billed with the one 81443 code, but as individual line items those four CPT codes added up to \$3,840, well over the Medicare list cost for CPT 81443.

Peggy Stilley of the AAPC ran each of the 27 CPT codes through the organization's claims checker program and found that they should have been billed under CPT 81443.

"Every single one of those codes except for one, CPT 81329 [for spinal muscular atrophy], was a component of CPT 81443," Stilley said, "so if this was done correctly, there should be just two-line items: 81443 and 81329. Without access to review the documentation, the codes reported appear to be unbundled."

Michael F. Arrigo conducted a similar test on the CPT codes and found that when he ran the 27 CPT codes Natera billed insurance along with the 81443 code, the 27 codes were negated by the 81443 code and not billed.

"The fact they are accepting payment for CPT 81443 shows they know that is what they should do," said Arrigo, adding that "since CPT code 81443 went into effect in 2019, it should be used in bills from 2019 forward. By omitting this code, Natera is not passing along the savings to healthcare consumers and insurance companies that are provided for by utilization of the proper CPT code."

"The National Correct Coding Initiative Policy Manual for Medicare Services is clear. It says, 'If a lab performs all tests included in a panel, the laboratory shall report the CPT code for the panel.' This means that a single code should be used, not 26. Natera may be subject to significant regulatory risk for this unbundling billing practice," he added.

Asked about the lack of CPT code 81443 on the billing documents reviewed by coding experts, a representative for Natera said that the company "does use 81443 or other codes as outlined in our contractual agreements with insurance companies" and that "we have 10's of 1000's of examples where we have billed the 81443 code."

Use of questionable code modifier. In order to increase the chances of reimbursement, in some cases Natera appears to be using an additional code to modify its bills that would make an insurance company less likely to question the multiple charges, according to the billing experts. This code is modifier 59, which denotes a “[distinct procedural service](#),” according to the Center for Medicare and Medicaid Services (CMS), and is a code “that is often used incorrectly.” This code was appended to each CPT code on an insurance statement reviewed by *The Capitol Forum*.

CMS directives on the use of modifier 59 state that “documentation must support a different session, different procedure or surgery, different site or organ system, separate incision/excision, separate lesion, or separate injury (or area of injury in extensive injuries) not ordinarily encountered or performed on the same day by the same individual.”

The medical billing experts particularly focused on the use of modifier 59 as an indication that Natera was attempting to unbundle its services. According to the experts, appending code 59 to multiple CPT codes tells insurance companies that services not normally reported together were all part of one singular medical procedure.

“Modifier 59 is used to identify procedures not normally reported together. If I bill all of these codes together, insurance may be more suspicious of all of these separate charges. If you add a modifier 59, they may all get paid,” Arrigo said.

According to a Natera representative, the company uses the 59 modifier “when our Horizon and Panorama tests are ordered on the same patient on the same date of service, which is appropriate.”

In response to that answer, *The Capitol Forum* informed Natera that none of the EOBs reviewed had also included a Panorama test, which would have been impossible given that two of the insurance statements reviewed by *The Capitol Forum* were for men and the Panorama test screens for fetal DNA in maternal blood. Additionally, *The Capitol Forum* sent Natera evidence showing that the 59 modifier had been used to link multiple CPT codes that would have been covered by the Horizon test, not to link Horizon and Panorama test.

In response to this additional information, the representative stated that he would no longer answer questions from *The Capitol Forum* but reiterated in an emailed statement that Natera “does use 81443, or other codes as outlined in our contractual agreements with insurance companies.”

Abuse of CPT Modifier 59 has been a subject of past federal investigation. In 2005, the Office of the Inspector General for Health and Human Services published a [report](#) titled “Use of Modifier 59 to Bypass Medicare’s Correct Coding Initiative Edits.”

That report found that 40% of reviewed CPT codes with modifier 59 billed to Medicare were incorrect, resulting in \$59 million in improper payments in 2003. Additionally, the report found that the vast majority of insurance carriers did not conduct reviews of the use of modifier 59, but “all of the carriers that completed reviews found providers who were using modifier 59 inappropriately [and] one-third of 32 reviews completed found error rates of 40 percent or more for services billed with modifier 59.”

While the OIG did not respond to questions regarding its current concerns regarding modifier 59, Peggy Stilley of AAPC said that the OIG was currently scrutinizing abuse of modifier 59.

Consumer/Yelp complaints. Natera’s Yelp page features a number of one-star reviews complaining about the company’s billing practices for its tests, including the Horizon screening test and the Panorama prenatal test. In some cases, consumers received bills totaling thousands of dollars more than initial estimates provided by their insurers, OB/GYNs and Natera representatives, and some reviews specifically highlight the use of different billing codes.

“I was told at the very most that I would pay \$300 out of pocket for this test. That was worst case scenario if my insurance covered nothing!” Ann said in her recent Yelp review, adding that “I was also assured that my insurance would cover at least 90%. A month after the testing, Natera billed my insurance \$8000!!!! They used different billing codes than what they originally told me. And now are saying that I owe \$4000 out of pocket for the test.”

While consumers are often able to negotiate their bills down through communications with Natera representatives, the initial bills come as an unwelcome surprise.

According to Jessica and Justin Rabon, a married couple interviewed by *The Capitol Forum* who used Natera’s Panorama test in 2018, the difference between what they thought they would pay for the test and the bill they received left them stunned. According to Jessica, Natera representatives “told us the same thing as on the brochures, that the most we would pay would be 200 dollars, and then early February, I got a bill for \$3,000 and I was flabbergasted. I was very upset, I felt like they scammed me.”

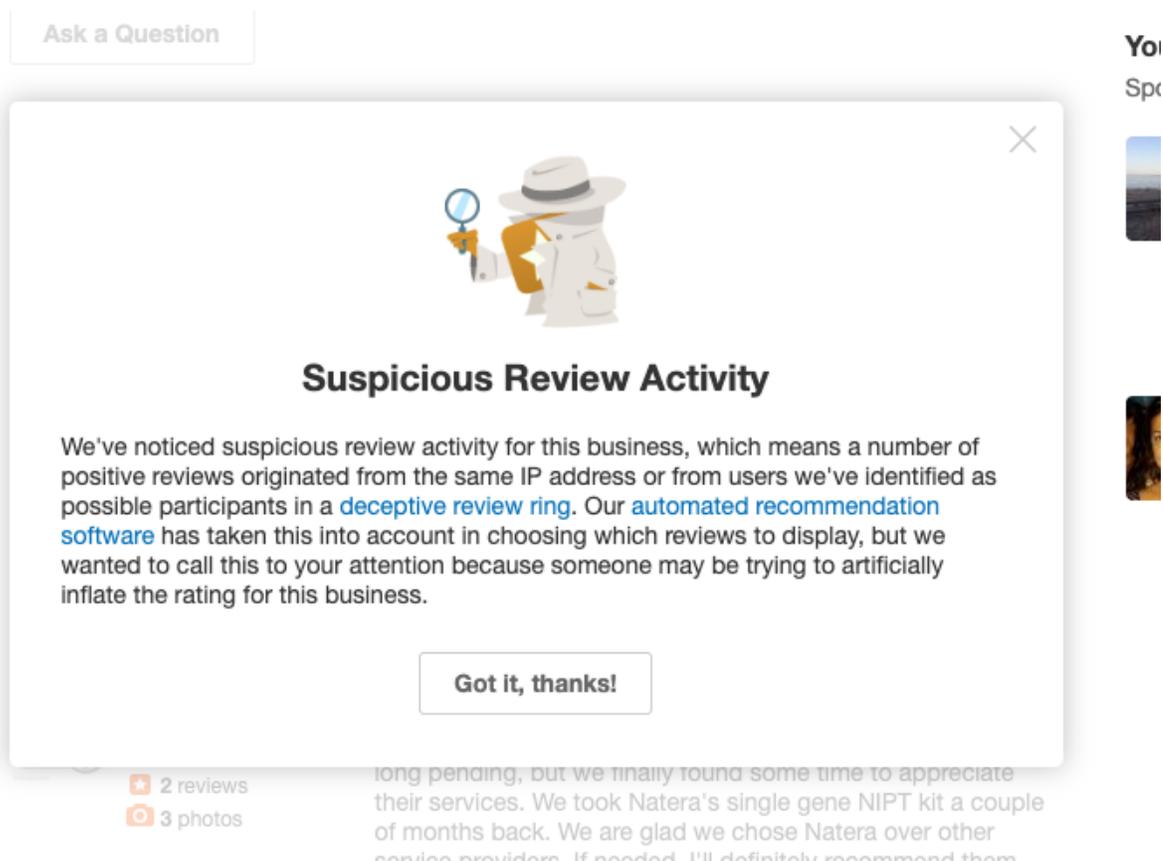
“We make enough money to get by, but to get hit with a bill like that in the middle of your pregnancy while you’re trying to figure out all the other costs of stuff that definitely added another level of stress. It shouldn’t be that way whenever you’re having enough other stuff to deal with during pregnancy,” Justin added.

Luckily, the couple was able to negotiate the total bill down to \$400, but the experience left a sour taste in their mouth.

Medical experts interviewed by *The Capitol Forum* noted that Natera’s openness to receiving payment from patients for sums much lower than what they originally billed was also troubling.

“If you have a legitimate test and it’s really worth \$15,000 then you should get \$15,000. The yawning gap between their charge and the apparently acceptable payment suggests that the charge is excessive and possibly even designed to shock patients into paying more than they should. It's terrible to take a young anxious woman, a couple worried about their baby, and try to squeeze them,” John Freedman of Freedman HealthCare said.

In addition to the numerous negative reviews, Natera’s Yelp page also contains several suspicious positive reviews. In January, Yelp issued a consumer alert notifying webpage visitors about suspicious positive reviews for the company. In early February, Yelp updated the alert with expanded language about the possibility of the business participating in a “deceptive review ring.”



Source: Natera’s Yelp Page, [yelp.com/biz/natera-san-carlos](https://www.yelp.com/biz/natera-san-carlos)

“Yelp uses an approach that leverages both algorithms and manual investigations to identify deceptive review rings like the ones described in this alert,” a Yelp spokesperson told *The Capitol*

Forum. As of February 21, Yelp has placed 148 of these alerts on business pages. These reviews can only be removed if the business stops engaging in the flagged behavior for a 90-day period, the spokesperson said.

“We do not post positive reviews about ourselves but do respond to reviews from patients,” a Natera representative said in response to questions regarding the company’s Yelp page.

In Ann’s Yelp post, she said she wished she had seen the negative comments before using Natera. “I am disgusted with the way this company is preying on pregnant women,” she told *The Capitol Forum*.