AI reimbursement update: First CPT category III code in neuroradiology

By: Talal Mourad, MD

The first AI neuroimaging software received a Category III CPT code from the American Medical Association (AMA) for quantitative analysis of MRI Brain (CPT codes 0865T and 0866T) (1). This is a code for quantitative analysis with comparison to prior imaging, including lesion identification, characterization, and quantification with brain volumes. These codes will be available for use beginning in January 2024. While this is an exciting first step in pathway to reimbursement, we are cautiously optimistic as payment for this AI code is not guaranteed. It's essential to present a brief overview of the CPT code categories, with a focus on the qualifications required to fulfill each category's criteria and the distinctions between each category.

Current Procedural Terminology (CPT) is a uniform coding system used to describe medical, surgical, or diagnostic services offered by healthcare professionals. The CPT coding system was created by the AMA to provide a common language for medical services and procedures, making it inherently vendor neutral (2). Each service is assigned a distinctive CPT code, falling under two primary types: Category I and Category III (3). Category I codes are used to describe procedures or services widely employed in clinical practice. They must encompass services that have received clearance or approval from the US Food and Drug Administration (FDA), demonstrate evidence-based clinical effectiveness, and are utilized by physicians or qualified healthcare professionals in the United States. Category III codes, on the other hand, are used to describe novel or emerging services. These codes facilitate the monitoring, data collection, and evaluation of emerging services pertaining to their clinical effectiveness, utilization, and outcomes, which may support later formal FDA approval. Category III codes, with their standard five-year lifespan, can undergo one of three potential outcomes: extension, conversion to a Category I code upon meeting the specified criteria, or expiration if the associated service is no longer in current practice. The primary distinction between Category I and III codes lies in the level of evidentiary basis demanded by Category I codes (2). For a CPT code to fall under either Category I or III, it should not duplicate an existing procedure or CPT code and it must conform to the standards set by the AMA Editorial Panel (3).

Regarding reimbursement, Category I codes undergo a valuation process by the AMA RVS Update Committee (RUC). The RUC makes recommendations to Center for Medicare & Medicaid Services (CMS) regarding valuation. Through a rule-making process CMS makes refinements and finalizes valuation every year (3). Conversely, Category III codes do not undergo this valuation process. Decisions about coverage and valuation are made by local payers, with coverage and payment amounts varying considerably (4).

The CPT III code has specific requirements for qualification, and it is exciting that the first neuroradiology specific AI algorithm has been approved by the AMA CPT Editorial panel.

References:

1. "CPT Category III Codes." American Medical Association, https://www.ama-assn.org/system/files/cpt-category3-codes-long-descriptors.pdf. Accessed 12 Sept. 2023.

2. Leslie-Mazwi TM, Bello JA, Tu R, Nicola GN, Donovan WD, Barr RM, et al. Current Procedural Terminology: History, Structure, and Relationship to Valuation for the Neuroradiologist. AJNR Am J Neuroradiol. 2016;37(11):1972-6. Epub 20160714. doi: 10.3174/ajnr.A4863. PubMed PMID: 27418473; PubMed Central PMCID: PMC7963771
3. "Criteria for CPT® Category I and Category III Codes." American Medical Association, www.ama-assn.org/practice-management/cpt/criteria-cpt-category-i-and-category-iii-codes. Accessed 13 Aug. 2023.
4. Wu G, Segovis CS, Nicola L, Chen MM, Current Reimbursement Landscape of AI, Journal of the American College of Radiology (2023), doi: https://doi.org/10.1016/j.jacr.2023.07.018.