



Viceroy release MiMedx EOB emails

Viceroy has obtained emails instructing physicians how to falsify MiMedx Q-codes to fraudulently increase reimbursement

Viceroy have obtained printouts of emails sent from MiMedx employees specifically instructing physicians on how to fraudulently increase Medicare reimbursement.

An EOB document titled "EpiFix - Made Easy" has been sent to Viceroy, which appears to be advice from MiMedx to physicians on how to receive Medicare reimbursements for their product.

One problem: this advice was provided to surgical clients; whose products are ineligible for Medicare reimbursement.

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Background

For every Medicare claim for a product used, a claim must be lodged for reimbursement with a corresponding code detailing the products used and for what purpose. These codes are referred to as HCPCS (Healthcare Common Procedure Coding System) codes or Q-codes within MiMedx. This is because Epifix is coded Q4131.

Viceroy has previously detailed a scheme through which MiMedx instructs physicians on how to manipulate the HCPCS system to fraudulently increase reimbursement for the use of non-reimbursed MiMedx products.

The incriminating emails are presented on the following page.

MiMedx emails instructing Q-code manipulation

Epifix® Medicare Office Reimbursement Made Easy....

Medicare Only Patient, no other insurance.

Medicare always covers 80% of allowable

Epifix® Product #ES-4400 product cost=\$1395 (List Price)

Epifix® Product #ES-4400 is billed at 11 billable units; Medicare allowable is \$162 per billable unit

$\$162 \text{ per billable unit} \times 11 \text{ units} = \1782

$80\% \text{ Medicare coverage of Epifix® product reimbursement } (.8 \times \$1782) = \$1425.60$

$\text{Reimbursement of product } (\$1425.60) - \text{cost of product } (\$1395) = \$30.60$

$15275 \text{ Application fee} = \$151 \text{ Medicare Allowable}$

$80\% \text{ Medicare coverage of application fee } (.8 \times \$151) = \$120.80$

Total product reimbursement (\$30.60) + application fee (\$120.80) =

\$151.40 Revenue for Medicare Only

For each Epifix® Product #ES-4400 applied bill 11 units of Q4131 and 15275 for the application of EpiFix®

Figure 1 – MiMedx EOB document

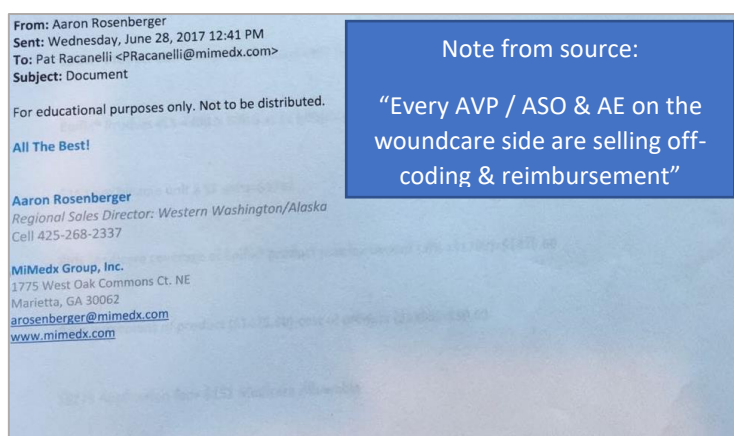


Figure 2 – MiMedx leaked email attaching EOB document

To put this into context:

Note the full explanation of how the Medicare reimbursement scheme works and the benefits. In anticipation of a MiMedx response claiming that this is an innocent informative letter (and broadly in line with business acumen): it is unclear as to why MiMedx is instructing healthcare providers and physicians how to code reimbursement. We note that MiMedx are not qualified to provide federal reimbursement training. If they were, Aaron Rosenberger would know that you cannot disclaim liability on coding advice as “for educational purposes only”.

Further the letter specifically includes instructions for Medicare only.

Per whistleblower advice and corroborated by physicians (who have also reported this activity to regulators), the reason for this memo is that MiMedx’s surgical line is not covered for reimbursement under Medicare’s reimbursement system.

This includes:

- Amniofix (allograft, surgical, injectable, sports med and wrap)
- Amniocord
- Amniofill

These products are coded with the HCPCS code J3590 which are entitled to no reimbursement in 2017:

| | | |
|---|---------------------------------|---|
| AmnioFix amniotic membrane (both wrap and injectable forms) | Q4135 No specific code J3590 | Not covered (experimental/investigational). |
| AmnioMatrix or BioDMatrix – for all indications | Q4139 | Not covered (experimental/investigational). |
| Amniotic Fluid Injections | No specific code: 17999 | Not covered (experimental/investigational). |

Figure 3 Extract from PacificSource Health Plans – New and Emerging Technologies Coverage Status¹

In order to boost reimbursement and incentivize sales of these products the above documents were provided to physicians. This is done through disguising these procedures as uses of its Epifix product for skin substitute application.

¹ <https://www.pacificsource.com/provider/new-and-emerging-technologies.pdf>



ASP Drug pricing - Q4131

| Effective | Code Dosage | Payment Limit | Vaccine AWP % | Vaccine Limit | Infusion AWP % | DME infusion limit | Blood AWP % | Blood limit | Clotting factor | Note |
|-------------------------------------|-------------|---------------|---------------|---------------|----------------|--------------------|-------------|-------------|-----------------|------|
| October 1, 2017 - December 31, 2017 | 1 SQ CM | 165.18 | - | - | - | - | - | - | | |
| July 1, 2017 - September 30, 2017 | 1 SQ CM | 162.013 | - | - | - | - | - | - | | |
| April 1, 2017 - June 30, 2017 | 1 SQ CM | 158.468 | - | - | - | - | - | - | | |
| January 1, 2017 - March 31, 2017 | 1 SQ CM | 161.499 | - | - | - | - | - | - | | |
| October 1, 2016 - December 31, 2016 | 1 SQ CM | 169.401 | - | - | - | - | - | - | | |

Figure 4 Extract from the hcpcs.codes website Q4131 page²

Unlike Amniocord, Epifix is filed under a Q4131 reimbursement code which is entitled to reimbursement payments.

Note that the reimbursement amounts correspond to the amounts mentioned in the materials provided to Viceroy by former employees.

Experts in the field we consulted informed us that this is due to the incidental nature of skin substitute operations compared to the more predictable nature of amniotic fluid injections.

Conclusion

The evidence presented above shows MiMedx instructing physicians on how to fraudulently increase Medicare reimbursement. This adds to the mountain of evidence already presented against the company.

Viceroy will be releasing further evidence against MiMedx and their involvement in the fraudulent Q-code scheme, including training sessions provided to surgical clients.

² <https://hcpcs.codes/q-codes/Q4131/>