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Many years ago getting reimbursed for a service was simple, requiring only a handwritten or typed claim form that included the procedure performed, the fee, and the diagnosis. CPT® and ICD-10-CM codes were not necessary. Life was easy. Now the entire process has evolved and everything is much more complicated. Processes have been streamlined, requiring a uniform process for all providers to follow. This chapter discusses some of these processes, and includes information as to why it is necessary to include audits as a part of each practice.

Claims Reimbursement
Receiving appropriate reimbursement for professional services can sometimes be difficult due to the complexity of rules involved. There are a number of things that are important to consider. The following section discusses some of the various requirements for getting a claim paid promptly and correctly.

Coverage Issues
Covered services are services payable by the insurer in accordance with the terms of the benefit-plan contract. Such services must be properly documented and medically necessary in order for payment to be made.

Medical necessity has been defined by CMS as "services or supplies that are proper and needed for the diagnosis or treatment of [a] medical condition; are provided for the diagnosis, direct care, and treatment of [a] medical condition; meet the standards of good medical practice in the local area; and aren’t mainly for the convenience of [a patient’s] or doctor."

Section 1862 (a)(1) of the Social Security Act prohibits Medicare from covering items and services that "are not reasonable and necessary for the diagnosis or treatment of illness or injury, or to improve the function of a malformed body member."

Typically, most payers define medically necessary services or supplies as:

- Services that have been established as safe and effective
- Services that are consistent with the symptoms or diagnosis
- Services that are necessary and consistent with generally accepted medical standards
- Services that are furnished at the most appropriate, safe, and effective level

Medical necessity denial decisions must be based on a detailed and thorough analysis of the patient’s condition, need for care, safety and effectiveness of the service, and coverage policies.
Chapter 2.
Focusing and Performing Audits

Conducting an effective chart audit requires careful planning. A well thought out plan is essential to completing a chart audit that yields useable data.

Some questions to consider before starting the audit are:

- What is the topic/focus of the audit (e.g., evaluation and management, surgery, etc.)?
- Is the topic/focus too narrow or too broad?
- Is there a measure for the topic/focus (e.g., level for established patient visits)?
- Is the measure available in the medical record (e.g., recorded by the provider in review of systems)?
- Has the topic/focus been measured before?
  - If yes, then a benchmark or standard exists.
  - If no, then a standard for comparison may not exist.

Once the answers to the above questions have been determined, the practice must decide which steps are necessary to perform a complete and accurate audit.

Ten Steps To Audits

Step 1. Determine who will perform the audit. An internal audit is typically performed by coding staff within the practice that are proficient in coding and interpreting payer guidelines. Depending upon the size of the practice and the number of services provided annually, a compliance department with full-time auditors may be established. If not, the person performing the audit should not audit claims that he or she completed.

Step 2. Define the scope of the audit. Determine what types of services to include in the review. Utilize the most recent Office of Inspector General (OIG) work plan, Recovery Audit Contractor (RAC) issues, and third-party payer provider bulletins, which will help identify areas that can be targeted for upcoming audits. Review the OIG work plan to determine if there are issues of concern that apply to the practice. Determine specific coding issues or claim denials that are experienced by the practice. The frequency and potential effect to reimbursement or potential risk can help prioritize which areas should be reviewed. Services that are frequently performed or have complex coding and billing issues should also be reviewed, as the potential for mistakes or impact to revenue could be substantial.

Step 3. Determine the type of audit to be performed and the areas to be reviewed. Once the area of review is identified, careful consideration should be given to the type of audit performed. Reviews can be prospective or retrospective. If a service is new to the practice, or if coding and billing guidelines have recently been revised, it may be advisable to
Chapter 3. **Modifiers**

Over the last 20 years, physicians and hospitals have learned that coding and billing are closely connected processes. Coding provides the universal language through which providers and hospitals can communicate—or bill—their services to third-party payers, including managed care organizations, the federal Medicare program, and state Medicaid programs.

The use of modifiers is an important part of coding and billing for health care services. Modifier use has increased as various commercial payers, who in the past did not incorporate modifiers into their reimbursement protocol, recognize and accept HCPCS codes appended with these specialized billing flags.

Correct modifier use is also an important part of avoiding fraud and abuse or noncompliance issues, especially in coding and billing processes involving the federal and state governments. One of the top 10 billing errors determined by federal, state, and private payers involves the incorrect use of modifiers. With that being said, modifier use should also be incorporated into a practice’s audit plan.

**What is a Modifier?**

A modifier is a two-digit numeric alpha or alphanumeric code appended to a CPT® or HCPCS code to indicate that a service or procedure has been altered by some special circumstance, but for which the basic code description itself has not changed. A modifier can also indicate that an administrative requirement, such as completion of a waiver of liability statement, has been performed. Both the CPT and HCPCS Level II coding systems contain modifiers.

The CPT code book, *CPT 2022*, lists the following examples of when a modifier may be appropriate (this list does not include all of the applications for modifiers):

- A service or procedure has both a professional and technical component, but both components are not applicable
- A service or procedure was performed by more than one physician or other health care professional and/or in more than one location
- A service or procedure has been increased or reduced
- Only part of a service was performed
- An adjunctive service was performed
- A bilateral procedure was performed
- A service or procedure was performed more than once
- Unusual events occurred
- The physical status of a patient for the administration of anesthesia must be defined

Modifiers from either level may be applied to a procedure code. In other words, a CPT or HCPCS Level II modifier may be applied to a CPT or HCPCS Level II code.
## CPT Modifiers and Applicable Sections

### Table 1

<table>
<thead>
<tr>
<th>Modifier</th>
<th>Brief Description</th>
<th>Applicable Sections</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>Increased procedural services</td>
<td>Anesthesia, Surgery, Radiology, Pathology and Laboratory, Medicine</td>
</tr>
<tr>
<td>23</td>
<td>Unusual anesthesia</td>
<td>Anesthesia</td>
</tr>
<tr>
<td>24</td>
<td>Unrelated evaluation and management service by the same physician or other qualified health care professional during a postoperative period</td>
<td>E/M</td>
</tr>
<tr>
<td>25</td>
<td>Significant, separately identifiable evaluation and management service by the same physician or other qualified health care professional on the same day of the procedure or other service</td>
<td>E/M</td>
</tr>
<tr>
<td>26</td>
<td>Professional component</td>
<td>Surgery, Radiology, Pathology and Laboratory, Medicine</td>
</tr>
<tr>
<td>32</td>
<td>Mandated services</td>
<td>E/M, Anesthesia, Surgery, Radiology, Pathology and Laboratory, Medicine</td>
</tr>
<tr>
<td>33</td>
<td>Preventive service</td>
<td>E/M, Surgery, Radiology, Pathology and Laboratory, Medicine (Services rated “A” or “B” by the USPSTF, Preventive care and screenings)</td>
</tr>
<tr>
<td>47</td>
<td>Anesthesia by surgeon</td>
<td>Surgery</td>
</tr>
<tr>
<td>50</td>
<td>Bilateral procedure</td>
<td>Surgery, Radiology, Medicine</td>
</tr>
<tr>
<td>51</td>
<td>Multiple procedures</td>
<td>Anesthesia, Surgery, Radiology, Medicine</td>
</tr>
<tr>
<td>52</td>
<td>Reduced services</td>
<td>Surgery, Radiology, Pathology and Laboratory, Medicine</td>
</tr>
<tr>
<td>53</td>
<td>Discontinued procedure</td>
<td>Anesthesia, Surgery, Radiology, Pathology and Laboratory, Medicine</td>
</tr>
<tr>
<td>54</td>
<td>Surgical care only</td>
<td>Surgery</td>
</tr>
<tr>
<td>55</td>
<td>Postoperative management only</td>
<td>Surgery, Medicine</td>
</tr>
<tr>
<td>56</td>
<td>Preoperative management only</td>
<td>Surgery, Medicine</td>
</tr>
<tr>
<td>57</td>
<td>Decision for surgery</td>
<td>E/M, Medicine</td>
</tr>
<tr>
<td>58</td>
<td>Staged or related procedure or service by the same physician or other qualified health care professional during the postoperative period</td>
<td>Surgery, Radiology, Medicine</td>
</tr>
<tr>
<td>59</td>
<td>Distinct procedural service</td>
<td>Anesthesia, Surgery, Radiology, Pathology and Laboratory, Medicine</td>
</tr>
<tr>
<td>62</td>
<td>Two surgeons</td>
<td>Surgery</td>
</tr>
<tr>
<td>63</td>
<td>Procedure performed on infants less than 4kg</td>
<td>Surgery</td>
</tr>
<tr>
<td>66</td>
<td>Surgical team</td>
<td>Surgery</td>
</tr>
</tbody>
</table>
Telehealth services are reimbursed when they are provided using technology that is designated as a real-time interactive audio and video telecommunications system. To demonstrate that the telehealth services furnished have been provided with this specific technology, CMS established two HCPCS Level II modifiers to be appended the CPT code of the service provided. The modifiers are GT Via interactive audio and video telecommunication systems, and GQ Via asynchronous telecommunications system.

When services are performed using asynchronous telecommunication, HCPCS Level II modifier GQ should be appended to the CPT code of the service provided. The use of asynchronous telecommunication is restricted to demonstration programs in Alaska and Hawaii. When using modifier GT, the provider is certifying the asynchronous medical file was collected and transmitted to the distant site from a federal telemedicine demonstration project conducted in Alaska or Hawaii.

For payers that do not recognize these HCPCS Level II modifiers, CPT modifier 95 Synchronous Telemedicine Service Rendered Via a Real-Time Interactive Audio and Video Telecommunications System, should be appended to the service provided. A list of applicable CPT codes for reporting real time telehealth services with modifier 95 can be found in Appendix P of the CPT book.

The current and evolving list of telehealth services is available at: https://www.cms.gov/Medicare/Medicare-General-Information/Telehealth/Telehealth-Codes

This list includes temporary codes that are valid during the remainder of the PHE for the COVID-19 pandemic and codes that qualify for audio-only services.

**Temporary Expansion of Telehealth Services Due to Covid-19 Public Health Emergency**

On March 17, 2020, the Centers for Medicare and Medicaid Services (CMS) announced the emergency and temporary expansion of telehealth services. CMS is expanding the telehealth benefit on a temporary and emergency basis under the 1135 waiver authority and Coronavirus Preparedness and Response Supplemental Appropriations Act. Beginning March 6, 2020 and through the duration of the Public Health Emergency (PHE), Medicare can reimburse telehealth services, including office, hospital, and other visits furnished by physicians and other practitioners to patients anywhere in the United States, including the patient’s place of residence. Many services have been temporarily added to the Medicare list of eligible telehealth services, and some frequency limitations and other requirements have been removed. These changes have been made to encourage the substitution of in-person services, thus reducing exposure risks for patients, practitioners, and the community at large. These telehealth services are not limited to patients with COVID-19 but must be considered reasonable and necessary.

All health care practitioners who are authorized to bill Medicare for their services may also furnish and bill for telehealth services during the PHE including physical therapists, occupational therapists, speech language pathologists, licensed clinical social workers, and clinical psychologists. Telehealth services should include the same level of documentation that would ordinarily be provided if the services were furnished in person.
A common documentation error is one in which the provider fails to document the exact number of lesions biopsied when performed on more than one lesion. When this occurs, the claim should indicate only the number of lesions clearly documented or, in some cases, only one lesion. Provider education should be performed to prevent this from occurring.

**Coding Tips**
- As “add-on” codes, 11103, 11105, and 11107 are not subject to multiple procedure rules. No reimbursement reduction or modifier 51 is applied. The following table provides additional information for these codes as found in the Medicare Physician Fee Schedule Database.

<table>
<thead>
<tr>
<th>Parent Code</th>
<th>Add-On</th>
<th>GLOB DAYS</th>
<th>MULT PROC</th>
<th>BILAT SURG</th>
<th>ASST SURG</th>
<th>CO-SURG</th>
<th>TEAM SURG</th>
</tr>
</thead>
<tbody>
<tr>
<td>11102</td>
<td>000</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>11103</td>
<td>ZZZ</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>11104</td>
<td>000</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>11105</td>
<td>ZZZ</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>11106</td>
<td>000</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>11107</td>
<td>ZZZ</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

- To report the removal of a lesion by shave technique, see 11300–11313.
- To report the complete removal of a lesion (including margins), see 11400–11646.
- To report the biopsy of the lip see, 40490.
- To report the biopsy of the vestibule of mouth, see 40808.
- To report the biopsy of a nail unit, see 11755.

**Skin Lesion Removal: Shaving (11300–11313)**
These codes are used to report the sharp removal of epidermal or dermal lesions by a transverse or horizontal slicing method (shaving).

**Procedure Differentiation**
Appropriate code selection is determined by the location and size of the lesion. Shaving is a method of removal that would not require a suture closure. The codes include chemical or electrocauterization. When measuring the size of the lesion, the borders around the area are not considered part of the lesion diameter.

**Medical Necessity**
The following conditions may warrant these procedures (this list is not all inclusive):
- Actinic keratosis
- Inflamed seborrheic keratosis
- Molluscum contagiosum
- Viral and plantar warts

**Key Documentation Terms**
Terms such as dermal, epidermal, and shaving provide the guidance needed to ensure correct code assignment. Documentation for these procedures must indicate that the provider removed a single, elevated epidermal or dermal lesion by placing a scalpel blade against the skin, adjacent to the lesion, and, using a
Endoscopy of the Larynx (31505–31579)

Very simply, a laryngoscopy visualizes the interior of the tongue base, larynx, and hypopharynx; it can be done for diagnostic purposes or surgical purposes. Within the structures examined, there are midline (single anatomic sites) and paired structures. When reporting procedures, if one side of a paired structure is involved then a unilateral code is reported. The structures are identified below.

<table>
<thead>
<tr>
<th>Midline</th>
<th>Paired</th>
</tr>
</thead>
<tbody>
<tr>
<td>Epiglottis</td>
<td>Arytenoids</td>
</tr>
<tr>
<td>Posterior pharyngeal wall</td>
<td>Aryepiglottic folds</td>
</tr>
<tr>
<td>Subglottis</td>
<td>False vocal cords</td>
</tr>
<tr>
<td>Tongue base</td>
<td>Pyriform sinuses</td>
</tr>
<tr>
<td>Vallecula</td>
<td>True vocal cords</td>
</tr>
<tr>
<td>Cricoid cartilage</td>
<td>Ventricles</td>
</tr>
<tr>
<td>Hyoid bone</td>
<td></td>
</tr>
<tr>
<td>Thyroid cartilage</td>
<td></td>
</tr>
<tr>
<td>Vocal cord</td>
<td></td>
</tr>
<tr>
<td>Cervical trachea</td>
<td></td>
</tr>
<tr>
<td>Larynx</td>
<td></td>
</tr>
</tbody>
</table>

There are different approaches that may be used, including indirect, direct, and direct operative. Each is explained briefly below.

**Procedure Differentiation**

An indirect laryngoscopy involves the visualization of the larynx using a warm laryngeal mirror positioned at the back of the throat and a head mirror held in front of the mouth containing a light source. This method should be attempted prior to considering a flexible or rigid laryngoscopy.

Direct laryngoscopy involves the visualization of the tongue base, larynx, and hypopharynx by passing a rigid or flexible fiberoptic endoscope through the mouth and pharynx to the larynx. If the laryngoscopy was direct, ascertain whether the procedure was performed with an operating microscope (microsurgery), telescope, or flexible fiberoptic scope. A flexible laryngoscopy is often used when gagging limits the mirror used in an indirect exam, as well as to obtain a more clear view of laryngeal structures when the diagnostic need arises.
Laparoscopic Enterolysis and Enterostomy Procedures (44180–44238)

Procedure Differentiation
Many of the procedures performed on the digestive system can be performed through an open or laparoscopic approach. The CPT book classifies those procedures done laparoscopically in a different heading within each section.

Code 44180 describes a surgical laparoscopy in which enterolysis is performed. In this procedure, the documentation should indicate that intestinal adhesions were identified and instruments were passed through to dissect and remove the adhesions. This code is a separate procedure by definition and is usually a component of a more complex service and is not identified separately. When performed with other unrelated procedures, list the code and append modifier 59.

In 44186, the physician constructs a jejunostomy for decompression or feeding. The physician identifies the jejunum and resects it, rerouting it to an opening created in the skin. An ostomy is created in the skin. In 44187, a nontube ileostomy or jejunostomy is constructed. The selected segment of jejunum or ileum is isolated. A loop or end of the selected segment of bowel is located and grasped. The skin and fat are excised, the fascia is opened, and the loop is exteriorized through a previously defined ileostomy or jejunostomy site. The trocars are removed and the incisions are closed with sutures.

Code 44188 is used to report a laparoscopically created colostomy or skin level cecostomy.

Codes 44202–44213 describe excision procedures performed laparoscopically. Codes 44202–44203 report enterectomies. Partial colectomies are reported with 44204–44208 and total colectomies are reported with 44210–44212. Add-on code 44213 is used to report mobilization of the splenic flexure via a laparoscopic approach that is performed in conjunction with a separately reportable partial colon resection.

Closure of an enterostomy is reported with 44227.

Key Documentation Terms
Documentation should indicate the surgical procedure that was performed. Terms such as anastomosis, enterolysis, with cecostomy, colostomy, enterostomy, ileostomy, jejunostomy, partial, or total provide the guidance needed to ensure correct code assignment. The documentation should support the medical necessity of the procedure.

Coding Tips
• A diagnostic laparoscopy is not reported separately.
• If an unsuccessful laparoscopic procedure is converted to an open procedure, report only the open procedure.
• As “add-on” codes, 44203 and 44213 are not subject to multiple procedure rules. No reimbursement reduction or modifier 51 is applied. The following table provides additional information for these codes as found in the Medicare Physician Fee Schedule Database.
Chapter 8. Auditing Pathology and Laboratory Procedures

The pathology and laboratory CPT® codes (80047–89398 and 0001U–0305U) are used for those services provided by a reference, hospital, or physician laboratory. Note: A draw station is not a laboratory. It is a place where a specimen is collected but no laboratory testing is performed on the specimen.

Laboratory and Pathology Coding and Billing Considerations

A laboratory is defined as any facility that performs laboratory testing on specimens derived from humans for the purpose of providing information for the diagnosis, prevention, and treatment of disease or impairment, or assessment of health. A diagnostic laboratory test is considered a laboratory service for billing purposes, regardless of where it is performed.

Some factors that can influence billing and payment of laboratory services include:

- Clinical Laboratory Improvement Amendment (CLIA) status
- Point of service
- Billing authority
- Code selection
- Modifier assignment
- Units of service
- Qualifying circumstances

Clinical Laboratory Improvement Amendments Status

CMS regulates all laboratory testing (except research) performed on humans in the U.S. through the Clinical Laboratory Improvement Amendments (CLIA). The objective of the CLIA program is to ensure quality laboratory testing. All clinical laboratories must enroll in CLIA and they must be certified to test in order to receive Medicare or Medicaid payments. The type of certification is dependent upon the complexity of the test being performed. There are three basic levels of CLIA tests: waived, moderate, and high-complexity. Each level of complexity has a set of personnel requirements, as well as proficiency standards that must be met in order for that entity to be certified. This information can be found on the Center for Disease Control website at http://www.cdc.gov/CLIA/default.aspx. CLIA certified laboratories are able to bill for laboratory procedures that fall within their certification level. The CLIA number must be entered on the claim as a condition for payment. Medicare contractors deny claims for diagnostic clinical laboratory tests performed if the laboratory CLIA certificate is expired or the laboratory performs a testing outside the scope of their certificate.
Coronavirus Disease COVID-19

The American Medical Association (AMA) continues to implement new CPT codes for the COVID-19 vaccines and administration codes for each. The codes are effective and have received emergency use authorization approval from the Food and Drug Administration (FDA).

COVID-19 codes are unusual in that they are distinct to each coronavirus vaccine manufacturer and the specific dose, making it possible to track the vaccines. To correctly report a COVID-19 vaccine, two codes are required: a code for the vaccine and the correct immunization administration code. The vaccine codes are defined by manufacturer; the administration codes are also specific to each manufacturer and are further defined by the particular dose (e.g., first, second, or booster) the patient is receiving. Manufacturer and dosing information can be found in appendix Q of the 2022 CPT book. It is important to note that each manufacturer has a different dosing interval.

The following table illustrates each manufacturer’s dosing interval.

<table>
<thead>
<tr>
<th>Manufacturer</th>
<th>Dosing interval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pfizer</td>
<td>21 days</td>
</tr>
<tr>
<td>Moderna</td>
<td>28 days</td>
</tr>
<tr>
<td>AstraZeneca</td>
<td>28 days</td>
</tr>
<tr>
<td>Janssen</td>
<td>N/A single dose</td>
</tr>
<tr>
<td>Novavax</td>
<td>21 days</td>
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</tbody>
</table>

Boosters for Pfizer and Moderna may be administered six months after the patient receives the second dose of the vaccine.

The current COVID-19 vaccines and administration codes are as follows:

<table>
<thead>
<tr>
<th>CPT Code</th>
<th>Description</th>
<th>Manufacturer</th>
</tr>
</thead>
<tbody>
<tr>
<td>91300</td>
<td>Severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) (COVID-19) vaccine, mRNA-LNP, spike protein, preservative free, 30 mcg/0.3mL dosage, diluent reconstituted, for intramuscular use</td>
<td>Pfizer</td>
</tr>
<tr>
<td>0001A</td>
<td>Immunization administration by intramuscular injection of severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) (COVID-19) vaccine, mRNA-LNP, spike protein, preservative free, 30 mcg/0.3mL dosage, diluent reconstituted; first dose</td>
<td>Pfizer</td>
</tr>
<tr>
<td>0002A</td>
<td>Immunization administration by intramuscular injection of severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) (COVID-19) vaccine, mRNA-LNP, spike protein, preservative free, 30 mcg/0.3mL dosage, diluent reconstituted; second dose</td>
<td>Pfizer</td>
</tr>
<tr>
<td>0003A</td>
<td>Immunization administration by intramuscular injection of severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) (COVID-19) vaccine, mRNA-LNP, spike protein, preservative free, 30 mcg/0.3 mL dosage, diluent reconstituted; third dose</td>
<td>Pfizer</td>
</tr>
</tbody>
</table>
Appendix 1. **Audit Worksheets**

Electronic Copies of Auditing Worksheets
This edition of the *Auditors' Desk Reference* includes access to Microsoft Word formatted copies of the auditing worksheets found in this manual.

Customers are permitted to reproduce these worksheets for use within their own facility or medical practice. Wider licensing of this content is available. Other distribution is prohibited.

These audit worksheets can be used when auditing the different areas of CPT® codes.

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**Modifier Worksheet**
The following worksheet may be used to collect the necessary data when auditing a medical record for modifier use.

**Modifier Worksheet**

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<thead>
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<th>Account/medical record number:</th>
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<tbody>
<tr>
<td>Date of service:</td>
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<tr>
<td>Date of review:</td>
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</tr>
<tr>
<td>Reviewer:</td>
<td></td>
</tr>
<tr>
<td>Type of review:</td>
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</tbody>
</table>

**Documentation**

<table>
<thead>
<tr>
<th>Supports Modifier Assignment</th>
<th>Provides Necessary Detail</th>
<th>Authenticated</th>
<th>Comments</th>
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<td>Yes</td>
<td>No</td>
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