

DOCUMENTATION AND CODING FOR LIPOMA EXCISIONS

INTRODUCTION

The Current Procedural Terminology manual (CPT) includes codes for reporting excision of soft tissue in both the integumentary and musculoskeletal sections. The main distinction between the codes used for the excision of soft tissue located in the integumentary versus musculoskeletal section is origin of the lesion or tumor.

Per the 2025 CPT guidance

- Excision of subcutaneous soft connective tissue tumors involves the simple or marginal resection of tumors confined to subcutaneous tissue below the skin but above the deep fascia.
- Excision of fascial or subfascial soft tissue tumors involves the resection of tumors confined to the tissue within or below the deep fascia but not involving the bone.

Excision of lesions of cutaneous origin (e.g., dermatofibroma, cyst) are reported with CPT codes 11400-11646. Code selection is based on the anatomic location and size of the lesion plus the margins required for complete excision; excision must be documented as "full thickness" (i.e. through the dermis). Excision of cutaneous lesions include simple closure. Intermediate or complex closures when performed are reportable in addition to the excision.

In contrast, excision of tumors of subcutaneous origin (e.g. lipomas), are reported with CPT codes from the musculoskeletal section. Selection of the code is based on the anatomic location, depth of the lipoma (either subcutaneous or subfascial) and size of the lipoma being excised. Size is determined by the greatest diameter of the lipoma plus the margin required for complete excision. Excision of lipomas or other soft tissue tumors include simple or intermediate repairs. Complex repairs requiring extensive undermining or other techniques to close the defect created should be reported separately. Dissection or elevation of tissue planes to allow for resection of the lipoma is included in the excision and not separately reportable. See chart below for an example of the code selection breakdown. A complete table of lipoma excision codes is available in Appendix A.

LOCATION	DEPTH	SIZE	CPT CODE
Tumor, soft tissue of face or scalp	Subcutaneous	Less than 2 cm	21011
		2 cm or greater	21012
	Subfascial	Less than 2 cm	21013
		2 cm or greater	21014

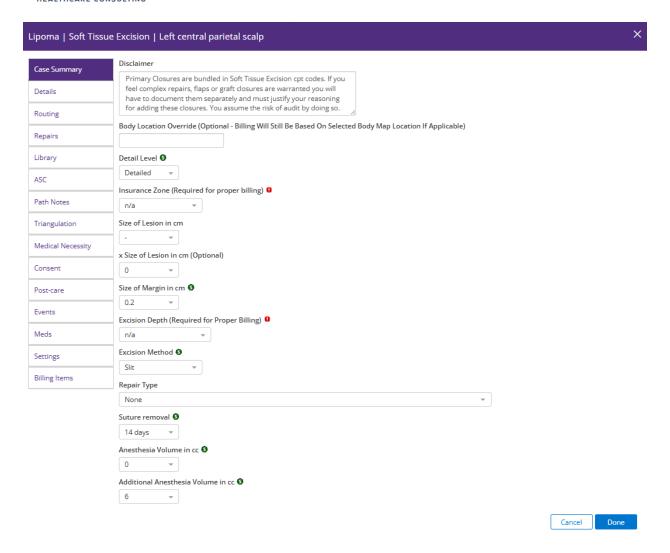
CODING AND DOCUMENTATION FOR LIPOMA EXCISION IN EMA

When documenting lipoma excision in ModMed EMA, use the Soft Tissue Excision plan. Enter the body location, the excised diameter of the lesion, the excised depth of the lesion and the excision type, and EMA will generate the soft tissue excision code based on the data provided.

If a complex repair is performed after lipoma excision and supported by the documentation, EMA will not add the code for the complex repair due to NCCI coding edits. The provider should either use the "Repair Note" plan to generate a complex repair code based on data entered or override the billing and add the appropriate complex repair code appended with modifier -59.

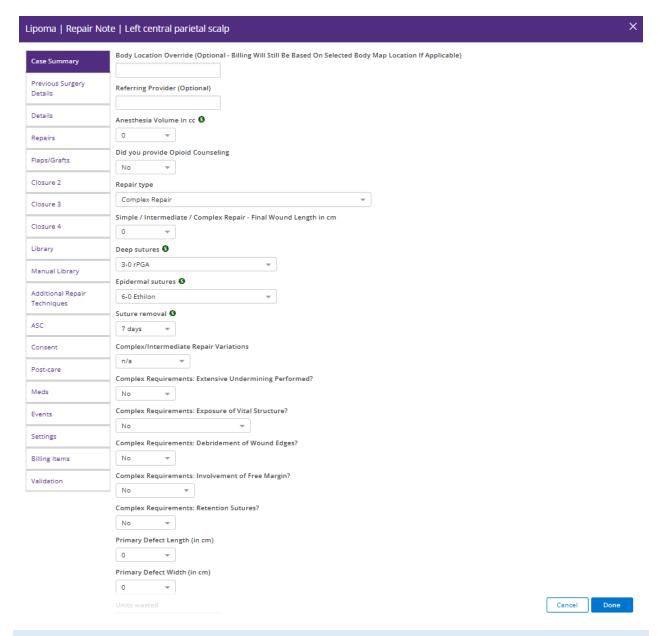
Page 1 of 6 August 27, 2025





Page 2 of 6 August 27, 2025





PLACE OF SERVICE CONSIDERATIONS

Certain excisions of lipomas are considered by CMS to be "rarely or never performed" in the office setting and depending on the location where the excision was performed, anatomic site, and depth of the excision, the procedure may be denied or reimbursement may be reduced.

When lipoma excisions are allowed, the payment rate is determined by the Place of Service (POS) code submitted on the claim. The POS must accurately reflect where the patient received the face-to-face service.

Under the Medicare Physician Fee Schedule (MPFS), CMS assigns two potential payment rates to many procedures:

- One for facility settings (e.g., hospital outpatient departments, ambulatory surgery centers)
- One for non-facility settings (e.g., physician offices)

Page 3 of 6 August 27, 2025



These rates are published in the Medicare Physician Fee Schedule Database (MPFSDB) and updated regularly.

When a procedure CMS has designated as rarely or never performed in the office is billed with POS 11 (office), the payment may be reduced or, in some cases, denied in full. These variances are driven by how Medicare and other payers apply site-of-service payment policies.

For example, when POS code 11 is submitted on the claim, CMS applies the non-facility payment rate when determining payment allowed amount. However, if the CPT code submitted is one CMS categorizes as typically performed in the facility setting (rarely allowed in the office setting), the payer may allow payment for the service initially or upon appeal. The final payment amount will likely be determined based on the facility rate, resulting in a lower allowed amount. This is because the practice expense (PE) component—covering costs like supplies, equipment, and office overhead—is excluded from the facility rate. CMS assumes these costs are borne by the facility when the service is performed in a hospital or surgery center, not the physician's office.

See Appendix A for a table of lipoma excisions CMS considers Rarely/Never performed in the office setting.

Private and commercial payers often have separate payment policies, although Medicare policies provide a foundation. Some payers may consider certain soft tissue excisions not appropriate for office-based settings regardless of CMS allowances and may deny payment. Others may require prior authorization, which helps establish medical necessity but does not guarantee reimbursement.

When prior authorization is required, it should be obtained before performing the procedure. If a claim is denied, appeals are more likely to succeed when prior authorization was obtained and documentation supports why the procedure was necessary in the office setting. In such cases, appeal notes should emphasize the clinical justification for performing it in the office.

DOCUMENTATION REQUIREMENTS

The following elements of documentation are required to support CPT coding for lipoma excisions:

- 1. A pathology report indicating that the lesion excised is a lipoma.
- 2. Documentation within the procedure note that includes:
 - a. Anatomic location of the lipoma
 Clearly document the specific anatomical site where the lipoma is located (e.g., upper back, thigh, forearm). This detail supports accurate code selection.
 - The size of the lipoma
 Indicate the total size of the lipoma in centimeters. Size equals the greatest diameter of the lipoma plus the margin required for complete excision.
 - C. Depth of the excision, subcutaneous or subfascial

 Specify whether the lipoma was removed from a subcutaneous plane or extended into deeper tissues, such as beneath the fascia or within muscle. Subfascial or intramuscular excisions are generally more complex and require different CPT coding than subcutaneous excisions.
 - d. Medical necessity of the treatment including any symptomatic characteristic such as pain, itching, trauma, or clinical uncertainty.
 - Provide clinical justification for the excision by describing symptoms (e.g., persistent pain, localized tenderness, pruritus, recurrent trauma) or diagnostic concerns (e.g., rapid growth, induration, or features concerning for malignancy). Documenting the medical necessity distinguishes therapeutic from cosmetic excisions and is critical for supporting reimbursement.

Page 4 of 6 August 27, 2025



e. Type and complexity of closure or repair
Include detailed documentation of the wound closure technique following excision. Indicate whether
the closure was simple, intermediate (involving layered closure), or complex (involving extensive
undermining, retention sutures etc.).

APPENDIX A

SUBCUTANEOUS SOFT TISSUE EXCISIONS

LOCATION	SIZE	CPT CODE	POS 11
Tumor, soft tissue of face or scalp	Less than 2 cm	21011	Yes
	2 cm or greater	21012	Rarely
Tumor, soft tissue of neck or anterior thorax	Less than 3 cm	21555	Yes
	3 cm or greater	21552	Rarely
Tumor, soft tissue of back or	Less than 3 cm	21930	Yes
flank	3 cm or greater	21931	Rarely
Tumor, soft tissue of abdominal	Less than 3 cm	22902	Yes
wall	3 cm or greater	22903	Rarely
Tumor, soft tissue of shoulder	Less than 3 cm	23075	Yes
area	3 cm or greater	23071	Rarely
Tumor, soft tissue of upper arm or elbows area	Less than 3 cm	24075	Yes
	3 cm or greater	24071	Rarely
Tumor, soft tissue of forearm	Less than 3 cm	25075	Yes
and/or wrist area	3 cm or greater	25071	Rarely
Tumor or vascular malformation,	Less than 1.5 cm	26115	Yes
soft tissue of hand or finger	1.5 cm or greater	26111	Rarely
Tumor, soft tissue of pelvis and	Less than 3 cm	27047	Yes
hip area	3 cm or greater	27043	Rarely
Tumor, soft tissue of thigh or	Less than 3 cm	27327	Yes
knee area	3 cm or greater	27337	Rarely
Tumor, soft tissue of leg (lower)	Less than 3 cm	27618	Yes
or ankle area	3 cm or greater	27632	Rarely
Tumor, soft tissue of foot or toe	Less than 1.5 cm	28043	Yes
rumor, sort tissue or root of the	1.5 cm or greater	28039	Yes

SUBFASCIAL SOFT TISSUE EXCISIONS

LOCATION	SIZE	CPT CODE	POS 11
Tumor, soft tissue of face or scalp	Less than 2 cm	21013	Yes
rumor, sort tissue of face of scalp	2 cm or greater	21014	Rarely
Tumor, soft tissue of neck or anterior thorax	Less than 5 cm	21556	Rarely
rumor, sort tissue of freek of affection thorax	5 cm or greater	21554	Rarely
	Less than 5 cm	22900	Rarely
Tumor, soft tissue of abdominal wall	5 cm or greater	22901	Rarely

Page 5 of 6 August 27, 2025



Turner act tienes of healt or floud	Less than 5 cm	21932	Rarely
Tumor, soft tissue of back or flank	5 cm or greater	21933	Rarely
Tumor, soft tissue of shoulder area	Less than 5 cm	23076	Rarely
runor, sort tissue of shoulder area	5 cm or greater	23073	Rarely
Tumor, soft tissue of upper arm or elbows area	Less than 5 cm	24076	Rarely
runior, sort tissue of upper arm of elbows area	5 cm or greater	24073	Rarely
Tumor soft tissue of forearm and/or wrist area	Less than 3 cm	25076	Rarely
Tumor, soft tissue of forearm and/or wrist area	3 cm or greater	25073	Rarely
Tumor or vascular malformation, soft tissue of	Less than 1.5 cm	26116	Rarely
hand or finger	1.5 cm or greater	26113	Rarely
Tumor, soft tissue of pelvis and hip area	Less than 5 cm	27048	Rarely
rumor, sort tissue or pervis and hip area	5 cm or greater	27045	Rarely
Tumor, soft tissue of thigh or knee area	Less than 5 cm	27328	Rarely
runior, soft tissue of thigh of knee area	5 cm or greater	27339	Rarely
Tumor soft tissue of log (lower) or ankle area	Less than 5 cm	27619	Rarely
Tumor, soft tissue of leg (lower) or ankle area	5 cm or greater	27634	Rarely
Tumor, soft tissue of foot or toe	Less than 1.5 cm	28045	Yes
rumor, sort tissue or root of the	1.5 cm or greater	28041	Rarely

Page 6 of 6 August 27, 2025