



**News Flash** – The fifth annual national administration of the Medicare Contractor Provider Satisfaction Survey (MCPSS) is now underway. If you received a letter indicating that you were randomly selected to participate in the 2010 MCPSS, CMS urges you to take a few minutes to go online and complete this important survey via a secure Internet website. Responding online is a convenient, easy, and quick way to provide CMS with your feedback on the performance of the Fee-For-Service (FFS) contractor that processes and pays your Medicare claims. Survey questionnaires can also be submitted by mail, secure fax, and over the telephone. To learn more about the MCPSS, please visit the CMS MCPSS website at <http://www.cms.hhs.gov/mcpss> or read the CMS Special Edition MLN Matters article, SE1005, located at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE1005.pdf> on the CMS website.

MLN Matters® Number: MM6787

Related Change Request (CR) #: 6787

Related CR Release Date: February 12, 2010

Effective Date: July 1, 2010

Related CR Transmittal #: R6380TN

Implementation Date: July 6, 2010

## Revised Clinical Laboratory Fee Schedule and ZIP Code File to Include New Kansas Payment Locality Structure

### Provider Types Affected

This article is for physicians/suppliers submitting reference laboratory claims to Medicare contractors (carriers and/or A/B Medicare Administrative Contractors (A/B MACs)) for services provided to Medicare beneficiaries in Johnson and Wyandote Counties in the State of Kansas.

### Provider Action Needed

This article is based on CR 6787 which instructs the Medicare contractors to incorporate an additional Kansas payment locality in the Clinical Laboratory Fee Schedule (CLFS) into their system to ensure correct pricing for certain laboratory claims submitted with a "90" modifier for services performed in the Kansas payment localities.

### Background

The Centers for Medicare & Medicaid Services (CMS) discovered that there is an inconsistency in the payment rates for claims submitted with Kansas ZIP codes in

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an east Kansas locality for reference laboratory claims. While regular laboratory claims are being paid correctly, reference laboratory claims are not being paid at the correct rate. CR 6787 corrects this deficiency.

During the transition to the A/B MAC, Wisconsin Physician Services (WPS) uses a process to pay in-state clinical laboratory services billed by the performing physician/suppliers in two counties (Johnson and Wyandotte) in Kansas at the Northwest Missouri (NWMO) rates. This unique circumstance is because of a historical contractor configuration. Two payment localities existed prior to contractor consolidation because there were two contractor jurisdictions in the state of Missouri. The jurisdiction in western Missouri included ZIP codes in both states of Missouri and Kansas, and with consolidation, the Western Missouri area was absorbed by the contractors for Missouri and Kansas. WPS uses a process that accommodates this issue.

However, clinical laboratory reference services billed by independent laboratory suppliers were not allowed at the NWMO rates and are reimbursed at the single Kansas locality rate, which represents the western Kansas region.

Medicare contractors currently use the ZIP Code files to price claims for ambulance, physician, and reference lab services. CR 3090 (Transmittal 85, February 6, 2004) requires contractors to price reference laboratory services based on the ZIP code of the performing laboratory. For reference laboratory services, the ZIP code file associates the ZIP codes in Johnson and Wyandotte counties with Kansas locality 00, not Western Missouri locality 02. The result is that the system allows the Kansas rate and not the Western Missouri rate. You can find the MLN Matters® article for CR 3090 at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM3090.pdf> on the CMS website.

To correct this problem for 2010 and after, CMS has added new payment localities in the 2010 Clinical Lab Fee Schedule. The 2010 ZIP code file refers to two Kansas lab localities to correct this inconsistency. This allows reference laboratory services performed in Johnson and Wyandotte counties to be paid at the NWMO rates. For 2010, CMS provided a CLFS which included two payment locality numbers for East and West Kansas as follows:

- Contractor #05202/Locality 12 indicates West Kansas, and
- Contractor #05202/locality 15 indicates East Kansas.

The 2010 ZIP code files were also revised to reflect these 2 state codes as "EK" for East Kansas and "WK" for West Kansas.

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CR 6787 provides instructions for correcting the inconsistency for dates of service prior to 2010, and instructs claims processing contractors to incorporate the above changes into the CLFS and use the 2010 ZIP code file to process claims with dates of service prior to 2010.

**Note:** Medicare will adjust, as necessary, claims submitted by providers in the affected localities with dates of service in calendar years 2008 and 2009. If a provider presents a claim prior to calendar year 2008 with a 90 modifier with proof that the claim was paid incorrectly, Medicare Contractors will adjust the claim on a claim by claim basis.

### Additional Information

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The official instruction, CR 6787, issued to your carrier and A/B MAC regarding this change may be viewed at <http://www.cms.hhs.gov/Transmittals/downloads/R638OTN.pdf> on the CMS website.

If you have any questions, please contact your carrier or A/B MAC at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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