



Extension of Reasonable Cost Payment for Clinical Lab Tests Furnished by Hospitals with Fewer Than 50 Beds in Qualified Rural Areas – JA6873

Related CR Release Date: April 2, 2010

Date Job Aid Revised: April 15, 2010

Effective Date: Cost reporting periods starting on or after July 1, 2010, through June 30, 2011

Implementation Date: July 6, 2010

Key Words MM6873, CR6873, R1940CP, Clinical, Lab, Test, Rural

Contractors Affected

- Fiscal Intermediaries (FIs)
- Part A/B Medicare Administrative Contractors (A/B MACs)

Provider Types Affected Provider types affected are hospitals with fewer than 50 beds in qualified rural areas who submit claims to FIs or A/B MACs for providing clinical laboratory tests to Medicare beneficiaries.



- Change Request (CR) 6873 announces that Section 3122 of the Patient Protection and Affordable Care Act re-institutes reasonable cost payment for clinical laboratory tests performed by hospitals with fewer than 50 beds in qualified rural areas as part of their outpatient services for cost reporting periods beginning on or after July 1, 2010, through June 30, 2011.
- For some hospitals this could affect services performed as late as June 30, 2012.

Provider Needs to Know...

- FIs or A/B MACs will use the Medicare ZIP Code File to identify qualified rural areas that (in the context of CR6873) are those with population densities in the lowest quartile of all rural county populations.
- Effective for the **entire** cost reporting period beginning on or after July 1, 2010, through June 30, 2011, FIs or A/B MACs will calculate payment on a reasonable cost basis for outpatient clinical laboratory services from qualified hospitals on a Revenue Code 030X line submitted on either a 12X or 13X Type of Bill.
- FIs or A/B MACs will not hold beneficiaries liable for any deductible, coinsurance, or any other cost-sharing amount.

Background

- On February 13, 2004, in response to Section 416 of the Medicare Modernization Act of 2003, the Centers for Medicare & Medicaid Services (CMS) issued CR3130 to implement procedures to provide reasonable cost payment for outpatient clinical laboratory tests furnished by hospitals with fewer than 50 beds in qualified rural areas for cost reporting periods during the 2-year period beginning on July 1, 2004.
- On February 2, 2007, in response to Section 105 of the Tax Relief and Health Care Act (TRHCA) of 2006, CMS issued CR5493 to extend the 2-year provision outlined within CR3130 for an additional cost-reporting year. Because CR5493 was implemented beyond the original sun-setting date outlined in CR3130, FIs and A/B MACs were instructed to adjust any claims for laboratory services that should have received reasonable cost payment under TRHCA, Section 105.
- Section 107 of the Medicare, Medicaid and State Children's Health Insurance Program Extension Act of 2007 extended these payments to include cost reporting periods beginning on or after July 1, 2004, through June 30, 2008. For some hospitals, this affected services performed as late as June 30, 2009.

Operational Impact N/A

Reference Materials

The related MLN Matters® article can be found at <http://www.cms.gov/MLN MattersArticles/downloads/MM6873.pdf> on the CMS website.

The official instruction (CR6873) issued regarding this change may be found at <http://www.cms.gov/Transmittals/downloads/R1940CP.pdf> on the CMS website.
