



Related MLN Matters Article #: MM5943

Date Posted: February 20, 2008

Related CR #: 5943

Medicare, Medicaid and State Children's Health Insurance Program (SCHIP) Extension Act of 2007 (MMSEA) Changes to Independent Laboratory Billing for the Technical Component (TC) of Physician Pathology Service

Key Words

MM5943, CR5943, R1440CP, Physician, CAP, MMSEA, Laboratory

Provider Types Affected

Independent laboratories billing Medicare Carriers or Part A/B Medicare Administrative Contractors (A/B MACs) for services rendered to hospitalized Medicare beneficiaries

Key Points

- The effective date of the instruction is January 1, 2008.
- The implementation date is March 7, 2008.
- In the final physician fee schedule regulation published in the *Federal Register* on November 2, 1999, the Centers for Medicare & Medicaid Services (CMS) stated it would implement a policy to pay only the hospital for the TC of physician pathology services furnished to hospital patients.
- Ordinarily, the provisions in the final physician fee schedule are implemented in the following year. However, new provisions established under Section 542 of the Benefits Improvement and Protection Act of 2000, Section 732 of the Medicare Modernization Act, and Section 104 of the Tax Relief and Health Care Act of 2006 have further delayed implementation of the proposed policy change.
- These provisions were scheduled to expire December 31, 2007.
- The Section 104 of the Medicare, Medicaid and SCHIP Extension Act of 2007 created a new provision to extend Section 732 of the Medicare Modernization Act provision an additional six months.
- This will allow qualifying independent laboratories to continue to bill Medicare for the TC of certain physician pathology services provided to beneficiary in a covered hospital inpatient or outpatient event, regardless of the beneficiary's hospitalization status on the date the service was performed.
- Independent laboratories eligible to bill their carrier or A/B MAC for these services may do so through June 30, 2008, regardless of the beneficiary's hospitalization status.

Key Points in Change Request (CR) 5943

- Independent laboratories that qualify to bill for the TC of a physician pathology service furnished to an inpatient or outpatient of a covered hospital may continue to bill their carrier or Part A/B MAC for these services through June 30, 2008.
- Effective on or after July 1, 2008, only the hospital may bill for the TC of a physician pathology service provided to a hospital inpatient or outpatient.
- A covered hospital refers to a hospital that has an arrangement with an independent laboratory that was in effect as of July 22, 1999, under which the laboratory furnished the TC of physician pathology services to fee-for service Medicare beneficiaries who were patients of the hospital.
- The hospital cannot bill under the Outpatient Prospective Payment System for the TC of physician pathology services if the laboratory that services that hospital outpatient is receiving payment from its carrier or A/B MAC under the Medicare physician fee schedule.

Important Links

The related MLN Matters article can be found at

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5943.pdf> on the CMS website.

The official instruction (CR5943) regarding this change may be viewed at

<http://www.cms.hhs.gov/Transmittals/downloads/R1440CP.pdf> on the CMS website.

If providers have questions regarding this issue, they may contact their 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.