



Revised Clinical Laboratory Fee Schedule (CLFS) and ZIP Code File to Include New Kansas Payment Locality Structure – JA6787

Related CR Release Date: February 12, 2010

Date Job Aid Revised: March 3, 2010

Effective Date: July 1, 2010

Implementation Date: July 6, 2010

Key Words MM6787, CR6787, R638OTN, Clinical, Laboratory, Fee, Schedule, ZIP, Kansas

Contractors Affected

- Part A/B Medicare Administrative Contractors (A/B MACs)
- Medicare Carriers

Provider Types Affected Provider types affected are physicians/suppliers submitting reference laboratory claims to Medicare Carriers and/or A/B MACs for services provided to Medicare beneficiaries in Johnson and Wyandotte Counties in the state of Kansas.



- Change request (CR) 6787 instructs Medicare Carriers and A/B MACs to incorporate an additional Kansas payment locality in the 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.

Provider Needs to Know...

- Medicare contractors currently use the ZIP Code files to price claims for ambulance, physician, and reference lab services.
 - CR3090 (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.
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- Providers can find the MLN Matters® article for CR3090 at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM3090.pdf> on the CMS website.
 - To correct this problem for 2010 and after, the Centers for Medicare & Medicaid Services (CMS) has added new payment localities in the 2010 CLFS.
 - 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 Northwest Missouri (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 two state codes as “EK” for East Kansas and “WK” for West Kansas.
 - CR6787 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.
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Background

- CMS discovered that there is an inconsistency in the payment rates for claims submitted with Kansas ZIP codes in 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. CR6787 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 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. 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
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locality rate, which represents the western Kansas region.

**Operational
Impact**

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.

**Reference
Materials**

The related MLN Matters® article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6787.pdf> on the CMS website.

The official instruction (CR6787) issued regarding this change may be found at <http://www.cms.hhs.gov/Transmittals/downloads/R638OTN.pdf> on the CMS website.
