

MLN Matters Number: MM3439

Related Change Request (CR) #: 3439

Related CR Release Date: November 26, 2004

Effective Date: January 1, 2005

Related CR Transmittal #:379

Implementation Date: April 4, 2005

Low Osmolar Contrast Material/Laboratory Tests/Payment for Inpatient Services Furnished by a Critical Access Hospital

Note: This article was updated on April 6, 2013, to reflect current Web addresses. All other information remains unchanged.

Provider Types Affected

Critical access hospitals (CAHs)

Provider Action Needed

CR 3439 includes the following:

- Revisions to the *Medicare Claims Processing Manual* to state that payment will be made to CAHs for Low Osmolar Contrast Material (LOCM) furnished as part of medically necessary imaging procedures (and without the previous requirement for one or more of five medical conditions listed in other instructions).
- Clarification that if a CAH sets up “draw stations” in non-CAH providers or facilities, payment for clinical diagnostic laboratory tests performed on those specimens will not be made on a reasonable cost basis but will be paid under the laboratory fee schedule.

CAHs should note that, while these changes are effective on January 1, 2005, Medicare systems changes will not be made until April 4, 2005. Therefore, Medicare advises CAHs to hold LOCM line items on claims for services provided on or after January 1 through April 10, 2005 and to bill Medicare for those services beginning April 10, 2005. Further, Medicare requests that CAHs not bill Medicare beneficiaries for LOCM services provided on or after January 1, 2005, through April 10, 2005 and, instead, wait until April 10 to begin billing Medicare.

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Background

Payment for LOCM Furnished by a CAH

Payment for LOCM (furnished in connection with medically necessary imaging procedures for intrathecal procedures and in intra-venous and intra-arterial injections) was made under previous policy only if the beneficiary had one or more of the following five medical conditions:

- A history of previous adverse reactions to contrast media;
- A history of asthma or allergy;
- Significant cardiac dysfunction;
- Generalized debilitation; and
- Sickle cell disease.

LOCM was previously not paid for intra-venous and intra-arterial injections unless at least one of these conditions was present.

Based on a review of current medical practices regarding the use of contrast material, the Centers for Medicare & Medicaid Services (CMS) has concluded that the presence of one of these five medical conditions should no longer be a requirement for the payment for LOCM. Therefore, payment will be made for LOCM furnished as part of medically necessary imaging procedures, regardless of whether any of the medical conditions listed above or in previous instructions are present.

Clinical Diagnostic Laboratory Tests Furnished by CAHs

The regulations (as revised) provide that **payment** for outpatient clinical diagnostic laboratory tests will be made on a reasonable cost basis only if the individuals satisfy the following:

- They are outpatients of the CAH; and
- They are physically present in the CAH at the time the specimens are collected. (See Federal Register document published on August 1, 2003 (48 FR 45471) and 42 CFR 413.70 (b)(3)(iii).)

Clinical diagnostic laboratory tests for individuals who are not physically present in the CAH at the time the specimens are collected will be made in accordance with the Medicare laboratory fee schedule.

Since publication of the above-cited regulations, some CAHs have asked whether reasonable cost payment will be made for clinical diagnostic laboratory tests performed on specimens from patients not physically present in the CAH when the specimens are collected, if:

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- Collection occurs in “draw stations” or other similar locations within non-CAH providers (such as Rural Health Clinics or in other non-CAH settings); and
- They represent those providers or locations as parts of the CAH.

To prevent this practice and ensure that the requirements of the regulations are implemented, payment for clinical diagnostic laboratory tests on such specimens will not be made on a reasonable cost basis.

Individuals who have specimens collected in “draw stations” or other similar locations set up within non-CAH providers or facilities for collecting laboratory specimens are not considered to be physically present for specimen collection. Payment for the clinical diagnostic tests performed on these specimens is paid under the laboratory fee schedule.

In summary:

Medicare fiscal intermediaries (FIs) will pay (on a reasonable cost basis) for LOCM furnished as part of medically necessary imaging procedures. Such services should be billed on type of bill (TOB) 11X for LOCM furnished during an inpatient stay covered under Medicare Part A, on TOB 12X for LOCM furnished to an inpatient where payment is under Part B because the stay is not covered under Part A, or TOPB 85X for LOCM furnished to an outpatient. Bills should include revenue code 636 along with one of the following HCPCS codes, as appropriate:

- A4644 - supply of LOCM of 100-199 mgs of iodine
- A4645 - supply of LOCM of 200-299 mgs of iodine
- A4646 - supply of LOCM of 300-399 mgs of iodine.

FIs will also pay under the laboratory fee schedule for clinical diagnostic laboratory tests performed on specimens from individuals that are collected in “draw stations” or other similar facilities for collecting laboratory specimens that are set up in non-CAH facilities or locations.

Additional Information

The *Medicare Claims Processing Manual* (Pub 100-04), Chapter 3 (Inpatient Hospital Billing) and Chapter 4 (Part B Hospital (Including Inpatient Hospital Part B and OPPS)) are being revised to reflect these revised policies, which only impact CAHs. The updated manual instructions are included in the official instruction issued to *your intermediary*. *These instructions can be found at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R379CP.pdf> on the CMS website:*

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If you have any questions, *please contact your intermediary at their toll-free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.*

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