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| CMS Manual System | Department of Health & Human Services (DHHS) |
| Pub 100-04 Medicare Claims Processing | Centers for Medicare & Medicaid Services (CMS) |
| Transmittal 1933 | Date: March 19, 2010 |
| | Change Request 6864 |

SUBJECT: Clinical Laboratory Fee Schedule (CLFS) - Medicare Travel Allowance Fees for Collection of Specimens

I. SUMMARY OF CHANGES: This Change Request (CR) is to revise the payment of travel allowances, either on a per mileage basis (P9603) or on a flat rate basis (P9604) for CY 2010.

EFFECTIVE DATE: January 1, 2010

IMPLEMENTATION DATE: April 5, 2010

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revise information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

| R/N/D | CHAPTER / SECTION / SUBSECTION / TITLE |
|--------------|---|
| | N/A |

III. FUNDING:

For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:
No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Recurring Update Notification

**Unless otherwise specified, the effective date is the date of service.*

Attachment – Recurring Update Notification

| | | | |
|-------------|-------------------|----------------------|----------------------|
| Pub. 100-04 | Transmittal: 1933 | Date: March 19, 2010 | Change Request: 6864 |
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SUBJECT : Clinical Laboratory Fee Schedule (CLFS) – Medicare Travel Allowance Fees for Collection of Specimens

Effective Date: January 1, 2010

Implementation Date: April 5, 2010

I. GENERAL INFORMATION

A. Background:

This Change Request (CR) is to revise the payment of travel allowances, either on a per mileage basis (P9603) or on a flat rate basis (P9604) for CY 2010.

B. Policy:

Travel Allowance – The travel codes allow for payment either on a per mileage basis (P9603) or on a flat rate per trip basis (P9604). Payment of the travel allowance is made only if a specimen collection fee is also payable. The travel allowance is intended to cover the estimated travel costs of collecting a specimen including the laboratory technician’s salary and travel expenses. Contractor discretion allows the contractor to choose either a mileage basis or a flat rate, and how to set each type of allowance. Because of audit evidence that some laboratories abused the per mileage fee basis by claiming travel mileage in excess of the minimum distance necessary for a laboratory technician to travel for specimen collection, many contractors established local policy to pay based on a flat rate basis only.

Under either method, when one trip is made for multiple specimen collections (e.g., at a nursing home), the travel payment component is prorated based on the number of specimens collected on that trip, for both Medicare and non-Medicare patients, either at the time the claim is submitted by the laboratory or when the flat rate is set by the contractor.

Per Mile Travel Allowance (P9603) – The per mile travel allowance is to be used in situations where the average trip to the patients’ homes is longer than 20 miles round trip, and is to be prorated in situations where specimens are drawn from non-Medicare patients in the same trip.

The allowance per mile was computed using the Federal mileage rate of \$0.50 per mile plus an additional \$0.45 per mile to cover the technician’s time and travel costs. Contractors have the option of establishing a higher per mile rate in excess of the minimum \$0.95 per mile if local conditions warrant it. The minimum mileage rate will be reviewed and updated in conjunction with the Clinical Laboratory Fee Schedule (CLFS) as needed. At no time will the laboratory be allowed to bill for more miles than are reasonable or for miles that are not actually traveled by the laboratory technician.

Per Flat-Rate Trip Basis Travel Allowance (P9604) – The per flat-rate trip basis travel allowance is \$9.50.

The standard mileage rate for business used here is based on a study of the fixed and variable costs of operating an automobile. This study is conducted on an annual basis for the Internal Revenue Service (IRS).

II. BUSINESS REQUIREMENTS TABLE

| Number | Requirement | Responsibility | | | | | | | | | |
|--------|--|----------------|-------------|--------|---------------------------------|-------------|---------------------------|-------------|-------------|-------------|-------|
| | | A / B | D M E | F I | C A R R I E R | R H I | Shared-System Maintainers | | | | Other |
| | | | | | | | F I S S | M C S | V M S | C W F | |
| 6864.1 | Contractors shall use the CY 2010 Travel Allowance for determining payment on a per mileage basis (P9603) or on a flat rate per trip basis (P9604) where applicable under Section 1833(h)(3) of the Act. | X | | X | X | | | | | | |
| 6864.2 | Contractors shall pay for code P9603, where the average trip to the patients' homes exceeds 20 miles round trip, at \$0.50 per mile, plus an additional \$0.45 per mile to cover the technician's time and travel costs, for a total of \$0.95 per mile. | X | | X | X | | | | | | |
| 6864.3 | Contractors shall have the option of establishing a higher per mile rate for code P9603, in excess of the minimum \$0.95 per mile, if local conditions warrant it. | X | | X | X | | | | | | |
| 6864.4 | Contractors shall pay for code P9604 on a flat-rate per trip basis travel allowance of \$9.50. | X | | X | X | | | | | | |
| 6864.5 | Contractors shall not search their files to either retract payment or retroactively pay claims; however, contractors shall adjust claims if they are brought to their attention. | X | | X | X | | | | | | |

III. PROVIDER EDUCATION TABLE

| Number | Requirement | Responsibility | | | | | | | | | |
|--------|--|----------------|-------------|--------|---------------------------------|-------------|---------------------------|-------------|-------------|-------------|-------|
| | | A / B | D M E | F I | C A R R I E R | R H I | Shared-System Maintainers | | | | Other |
| | | | | | | | F I S S | M C S | V M S | C W F | |
| 6864.6 | A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with | X | | X | X | | | | | | |

| Number | Requirement | Responsibility | | | | | | | | | |
|--------|--|----------------|-------------|--------|---------------------------------|------------------|---------------------------|-------------|-------------|-------------|-------|
| | | A / B | D M E | F I | C A R R I E R | R H H I | Shared-System Maintainers | | | | Other |
| | | | | | | | F I S S | M C S | V M S | C W F | |
| | localized information that would benefit their provider community in billing and administering the Medicare program correctly. | | | | | | | | | | |

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements:

| X-Ref Requirement Number | Recommendations or other supporting information: |
|--------------------------|--|
| N/A | |

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Glenn McGuirk at glenn.mcguirk@cms.hhs.gov

Post-Implementation Contact(s): Glenn McGuirk at glenn.mcguirk@cms.hhs.gov

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs), and/or Carriers:*

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

Section B: For *Medicare Administrative Contractors (MACs):*

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