

# CMS Manual System

## Pub 100-04 Medicare Claims Processing

Transmittal 734

Department of Health & Human Services (DHHS)

Centers for Medicare and Medicaid Services (CMS)

Date: OCTOBER 28, 2005

Change Request 3835

**SUBJECT: Redefined Type of Bill (TOB), 14x, for Non-Patient Laboratory Specimens**

**I. SUMMARY OF CHANGES:** This Change Request redefines TOB 14x to be used for non-patient laboratory specimens. Any hospital (including a Critical Access Hospital (CAH)) receiving only a specimen is to bill for the lab test on TOB 14x. When lab services are rendered to non-patients by a CAH or a hospital subject to Maryland waiver, laboratory tests for these non-patients are to be paid on the Clinical Diagnostic Laboratory Fee Schedule, unlike lab tests for outpatients of these facilities (as required by regulations at 42 CFR 413.40(b)(2)(iii) for CAHs and by the terms of the Maryland waiver for Maryland hospitals). Laboratory tests for outpatients of a CAH are paid based on reasonable cost; those for outpatients of a Maryland hospital are paid under the State's cost containment plan.

### NEW/REVISED MATERIAL

**EFFECTIVE DATE: October 01, 2004**

**IMPLEMENTATION DATE: April 03, 2006**

*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/revised 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
R	4/141/Maryland Waiver Hospitals
R	4/250.6/Clinical Diagnostic Laboratory Tests Furnished by CAHs
R	16/50.3.2/ Hospital Laboratory Services Furnished to Nonhospital Patients

**III. FUNDING:**

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operating budgets.

**IV. ATTACHMENTS:**

Business Requirements

Manual Instruction

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

# Attachment - Business Requirements

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**SUBJECT: Redefined Type of Bill (TOB), 14x, for Non-Patient Laboratory Specimens**

## I. GENERAL INFORMATION

**A. Background:** Historically, lab services to any outpatient of a CAH, whether at the main hospital complex or an off-site outpatient department were to be billed on an 85x and Medicare (via the FI) paid based on cost. If a laboratory specimen is collected in a provider-based RHC/FQHC, a provider-based HHA, or a physician’s office, the CAH is billed on a 14x and the payment basis is the clinical diagnostic laboratory fee schedule (referred to as the lab fee schedule for the remainder of this instruction). Since the definition of 14x was changed, in the early 1990s, to be for "all referred diagnostic services", CMS lost the ability to differentiate between the lab specimens of outpatients and of non-patients. For all of these reasons there has been considerable confusion regarding the use of TOB 14x. Consequently, TOB 14x could not be used to drive differential payment, and the data from claims using this TOB were essentially meaningless given that there was no consensus on the definition.

As a result of this confusion, and the need to pay Maryland hospitals on the lab fee schedule when only the specimen is received, the need to distinguish between outpatients and non-patients for certain pathology tests, and an upcoming demonstration project that will only apply to non-patients, CMS requested a new TOB for non-patient laboratory specimens from the National Uniform Billing Committee (NUBC). The NUBC concluded that rather than issuing a new TOB for non-patient laboratory specimens, that they would redefine TOB 14x yet again, this time to be limited to non-patient laboratory specimens. The redefined TOB 14x is used for all tests of non-patient laboratory specimens performed by any hospital, including CAHs.

**B. Policy:** In order to avoid overpayment for laboratory services to non-patients of CAHs and Maryland waiver hospitals, CMS is introducing this redefined TOB, 14x, for non-patient laboratory specimens. These specimens will be paid based on the lab fee schedule, as opposed to on the basis of reasonable cost or percent of charges. However, in order to decrease the number of incorrect bills posted to the National Claims History File via the Common Working File, the shared system will need to install edits to reject any TOB 14x containing other than laboratory services.

## II. BUSINESS REQUIREMENTS

*“Shall” denotes a mandatory requirement*

*“Should” denotes an optional requirement*

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)					
		F I	R H U	C a r	D M E	Shared System Maintainers	Other



Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)							
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers			
F I S S	M C S					V M S	C W F		
	information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.								

**IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS**

**A. Other Instructions: N\A**

X-Ref Requirement #	Instructions

**B. Design Considerations: N\A**

X-Ref Requirement #	Recommendation for Medicare System Requirements

**C. Interfaces: N\A**

**D. Contractor Financial Reporting /Workload Impact: N\A**

**E. Dependencies: N\A**

**F. Testing Considerations: N\A**

## V. SCHEDULE, CONTACTS, AND FUNDING

<p><b>Effective Date*:</b> Dates of Service on and after October 1, 2004, when received on and after April 1, 2006.</p> <p><b>Implementation Date:</b> April 3, 2006</p> <p><b>Pre-Implementation Contact(s):</b> Cindy Murphy, <a href="mailto:cindy.murphy@cms.hhs.gov">cindy.murphy@cms.hhs.gov</a>, 410-786-5733; <a href="mailto:valeri.ritter@cms.hhs.gov">valeri.ritter@cms.hhs.gov</a>, 410-786-8652</p> <p><b>Post-Implementation Contact(s):</b> Appropriate ROs</p>	<p><b>No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operating budgets.</b></p>
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## **141 – Maryland Waiver Hospitals**

*(Rev. 734; Issued: 10-28-05; Effective Date: 10-01-04; Implementation Date: 04-03-06)*

In accordance with §1814 (b)(3) of the Act, services provided by hospitals in Maryland subject to the Health Services Cost Review Commission (provider numbers 210001 - 210099, 212005, and 212007) are paid according to the terms of the waiver, that is 94% of submitted charges subject to any unmet Part B deductible and coinsurance. Payment should not be made under a fee schedule or other payment method for outpatient items and services provided except the following situations:

- *Non-patient laboratory specimens* are paid under the clinical diagnostic laboratory fee schedule (bill type 14X); and
- Ambulance services which are subject to the ambulance fee schedule.

## **250.6 - Clinical Diagnostic Laboratory Tests Furnished by CAHs**

*(Rev. 734; Issued: 10-28-05; Effective Date: 10-01-04; Implementation Date: 04-03-06)*

Medicare beneficiaries are not liable for any coinsurance, deductible, copayment, or other cost sharing amount for clinical diagnostic laboratory services furnished as a CAH outpatient service.

Payment for clinical diagnostic laboratory tests furnished by a CAH is made on a reasonable cost basis only if the patient is an outpatient of the CAH and is physically present in the CAH at the time the specimen is collected - (*Type of Bill (TOB)*, 85x). A CAH cannot seek reasonable cost reimbursement for tests provided to individuals in locations such as a rural health clinic (*RHC*), *a provider-based HHA*, the individual's home or *a physician's office*. Individuals in these locations are non-patients of a CAH and their lab tests would be categorized as "*non-patient specimen only lab tests*". Tests for non-patients *are billed on TOB 14x*, and *are* paid under the lab fee schedule.

### **50.3.2 - Hospital Laboratory Services Furnished to Nonhospital Patients**

*(Rev. 734; Issued: 10-28-05; Effective Date: 10-01-04; Implementation Date: 04-03-06)*

When a hospital laboratory performs a laboratory service for a non-hospital patient, (i.e., for neither an inpatient nor an outpatient), the hospital bills its FI on the *ANSI X-12 837I or* on the hard copy form, CMS-1450. If a carrier receives such claims, the carrier should deny them. *When the lab services are provided in Maryland, services to a hospital's own outpatients are paid under the State cost containment system. A Maryland hospital cannot seek payment based on a percent of charges for tests provided to individuals in locations such as a rural health clinic (RHC), a provider-based HHA, the individual's home or a physician's office). Individuals in these locations are non-patients of the Maryland hospital and their lab tests would be categorized as "non-patient specimen only lab tests" (TOB 14x), and are paid under the lab fee schedule.*

When a hospital-leased laboratory performs a service for a non-hospital patient, it must bill the carrier.