



News Flash - The July 2008 version of the *Evaluation & Management Services Guide*, which provides evaluation and management services information about medical record documentation, International Classification of Diseases and Current Procedural Terminology codes, and key elements of service, is now available on the Centers for Medicare & Medicaid Services Medicare Learning Network at http://www.cms.hhs.gov/MLNProducts/downloads/eval_mgmt_serv_guide.pdf on the CMS website.

MLN Matters Number: MM6122

Related Change Request (CR) #: 6122

Related CR Release Date: September 8, 2008

Effective Date: December 8, 2008

Related CR Transmittal #: R1589CP

Implementation Date: December 8, 2008

Indicator for the Technical Component of Purchased Diagnostic Services

Provider Types Affected

Physicians and suppliers submitting claims to Medicare contractors (carriers and/or Part A/B Medicare Administrative Contractors (A/B MACs)) for diagnostic services provided to Medicare beneficiaries.

Provider Action Needed



STOP – Impact to You

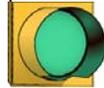
This article is based on Change Request (CR) 6122 which provides instructions to your carrier or AB MAC on how to process claims for diagnostic services when there is no entry (either an indication in Block 20 of the CMS-1500 form or a claim or line level PS1 segment on the 837P X12 4010A1 electronic format) on the claim to indicate that whether the diagnostic services were purchased.

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

**CAUTION – What You Need to Know**

Carriers and AB MACs will adjudicate a claim lacking an entry for the "Yes/No" indicator or lacking the PS1 segment for a diagnostic service as if it were not a purchased service.

**GO – What You Need to Do**

See the Background and Additional Information Sections of this article for further details regarding these changes.

Background

Medicare carrier jurisdictional rules for purchased diagnostic tests/interpretations were changed in April 2005 to allow suppliers to bill their local carriers for diagnostic test/interpretation services (and receive the correct payment amount) regardless of the location where the services were performed. In addition, because all purchased diagnostic services are paid under the Medicare Physician Fee Schedule (MPFS), the diagnostic services are subject to the same payment rules as all other services paid under the MPFS, as well as to the jurisdictional rules for that fee schedule.

Only laboratories, physicians, and independent diagnostic testing facilities (IDTF) may bill for purchased tests and interpretations.

A claim development issue sometimes arises when there is no indication whether the service was purchased, and the Centers for Medicare & Medicaid Services (CMS) has found that claims have been returned as unprocessable needlessly due to the fact that the biller did not indicate whether the TC of a diagnostic service had been purchased. CMS has also found over time that if there was no indication in Block 20 on the CMS-1500 form or claim or line level PS1 segment on the electronic claim, it was likely that the service had not been purchased. Therefore, CMS is issuing CR 6122 to decrease the volume of claims returned to physicians and suppliers.

CR 6122 instructs Carriers and AB MACs to assume that a diagnostic service is not purchased if there is no entry in either Block 20 on the CMS-1500 form or there is no PS1 segment on the 837P X12 4010A1 electronic format. Carriers and A/B MACs will adjudicate such a claim for a diagnostic service as if it were not a purchased service.

Please note that if there is no indication that the service was purchased and CMS later finds that, indeed, the service had been purchased, this could result in finding

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

of a false claim. Also note that a professional component (PC) service is not relevant for this policy. The purchase price of the PC portion is not, and should not be, a part of the adjudicative process of the technical component.

Additional Information

The official instruction, CR 6122, issued to your carrier and A/B MAC regarding this change may be viewed at <http://www.cms.hhs.gov/Transmittals/downloads/R1589CP.pdf> on the CMS website.

If you have any questions, please contact your 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.

Disclaimer

This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.