

**Date:** October 1, 2020

**To:** CPL Client

**From:** Compliance Department

**Re:** Annual Notice to Physicians

Clinical Pathology Laboratories (CPL) is providing annual notification to our clients of the Medicare policies governing the ordering and reimbursement of laboratory tests. CPL is committed to promoting awareness of and adherence to these policies. In accordance with the Office of the Inspector General's (OIG) Compliance Program Guide for Clinical Laboratories, we are providing the following information about Medicare requirements:

### **Medicare Medical Necessity Policy**

Medicare will only pay for tests that meet the Medicare definition of "medical necessity". Medicare may deny payment for a test that the physician believes is appropriate, such as a screening test, which does not meet the Medicare definition of medical necessity.

### **Medicare Laboratory National Coverage Determinations (NCDs) and Local Coverage Determinations (LCDs)**

Coverage determination policies define medical conditions through the inclusion of a list of ICD (diagnosis) codes for which these tests are covered or reimbursed by Medicare. HIPAA regulations require ICD codes to be present on each claim filed. These codes must also be documented in the patient's medical record.

NCDs: <https://www.cms.gov/Medicare/Coverage/CoverageGenInfo/LabNCDsICD10.html>

LCDs: <https://www.novitas-solutions.com> Novitas Solutions Jurisdiction H

### **Frequency Limitations for Laboratory Tests**

Certain laboratory tests have specific frequency limitation requirements. The limitations may apply to tests from the laboratory NCDs and LCDs.

### **Medicare Preventive Screening Laboratory Tests**

Certain preventive screening laboratory tests are covered services for Medicare beneficiaries. Benefit coverage is specific for each service, diagnosis codes, coverage requirements, and frequency limitations.

<https://www.cms.gov/Medicare/Prevention/PrevntionGenInfo/medicare-preventive-services/MPS-QuickReferenceChart-1.html>

### **American Medical Association (AMA) Organ or Disease-Oriented Panels**

The AMA panels were developed for coding purposes only and should not be interpreted as clinical parameters. Organ and disease-oriented panels will only be paid by Medicare when all tests within the panel are deemed medically necessary by Medicare.

<https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/clm104c16.pdf>

Section 90.2 – Organ or Disease Oriented Panels

### **Reflex Testing**

Reflex testing occurs when initial test results indicate that a second related test is medically appropriate or required by state, regulatory, or accreditation standards. Most tests can be ordered without a reflex. Find details at <https://www.cpllabs.com/test-directory>

### **Advance Beneficiary Notice of Non-Coverage (ABN)**

- Limited Coverage – An ABN is required if the diagnosis is not covered
- Frequency Limit - An ABN is required at each encounter for frequency limited tests
- Non-Coverage – An ABN is required for experimental or research use tests or tests designated by Medicare as non-covered

<https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Internet-Only-Manuals-IOMs.html>

Manual 100-04 Medicare Claims Processing Manual

Chapter 30 Financial Liability Protections

Section 50 Form CMS-R-131 Advance Beneficiary Notice of Non-Coverage (ABN)

### **2020 Medicare Clinical Laboratory Fee Schedule (CLFS)**

During the period beginning on May 1, 2020 and ending on December 31, 2020, the Medicare programs under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) shall be exempt from reduction under any sequestration order issued before, on, or after the date of enactment of the CARES Act. Sequestration also will be extended through fiscal year 2030.

Current and previous fee schedules are found at:

<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ClinicalLabFeeSched/Clinical-Laboratory-Fee-Schedule-Files.html>

Additional details can be found at PAMA regulations.

<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ClinicalLabFeeSched/PAMA-Regulations.html>

### **Medicare Part B National Correct Coding Initiative (NCCI) Edits**

The Medicare NCCI was implemented to promote national correct coding methodologies and to control improper coding leading to inappropriate payment.

<https://www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/index.html>

### **Contact Information**

The Medical Directors and other pathologists are available to discuss appropriate testing and test ordering. Please call (512) 339-1275 or (800) 595-1275 for assistance.

You may also contact our Compliance Department at [compliancedept@cpllabs.com](mailto:compliancedept@cpllabs.com).

Please review this notice with all appropriate staff.

*Thank you for supporting Clinical Pathology Laboratories, Inc.*