Medicare Learning Network
MLN Matters
CMS
Information for Medicare Fee-for-Service Health Care Professionals

Do you have your NPI? National Provider Identifiers (NPIs) will be required on claims sent on or after May 23, 2007. Every health care provider needs to get an NPI. Learn more about the NPI and how to apply for an NPI by visiting *http://www.cms.hhs.gov/NationalProvIdentStand/* on the CMS web site.

MLN Matters Number: MM5493
Related Change Request (CR) #: 5493
Related CR Release Date: February 2, 2007
Effective Date: January 1, 2007
Related CR Transmittal #: R1180CP
Implementation Date: July 2, 2007

Outpatient Clinical Laboratory Tests Furnished by Hospitals With Fewer Than 50 Beds in Qualified Rural Areas

Provider Types Affected

Hospitals with fewer than 50 beds in qualified rural area submitting claims to Medicare Fiscal Intermediaries (FIs) or Part A/B Medicare Administrative Contractors (A/B MACs) for outpatient clinical laboratory tests provided to Medicare beneficiaries.

Provider Action Needed

This article is based on Change Request (CR) 5493 which instructs that payment for outpatient clinical laboratory tests to hospitals (with fewer than 50 beds in qualified rural areas) will be made on a reasonable cost basis for cost reporting periods beginning on or after July 1, 2004 but before July 1, 2007.

Background

The Balanced Budget Refinement Act of 1999 provided payment (on a reasonable cost basis) for outpatient clinical laboratory tests to Critical Access Hospitals (CAHs).

Subsequently, a provision in Section 416 of the Medicare Modernization Act (MMA) of 2003 provided for payment on a reasonable cost basis for outpatient clinical laboratory tests:

- To hospitals with fewer than 50 beds in qualified rural areas,

- For cost reporting periods beginning during the 2-year period beginning on July 1, 2004.

This was implemented by CR 3130 (*http://www.cms.hhs.gov/transmittals/Downloads/R100CP.pdf*). The corresponding MLN Matters article can be found at *http://www.cms.hhs.gov/mlnMattersArticles/downloads/MM3130.pdf* on the CMS website.

The provision (in Section 416 of the MMA) was recently extended (by Section 105 of the Tax Relief and Health Care Act of 2006) for an additional year for cost reporting periods beginning during the 3-year period beginning on July 1, 2004.

Therefore, CR 5493 instructs that payment will be made on a reasonable cost basis for outpatient clinical laboratory tests:

- To hospitals with fewer than 50 beds in qualified rural areas,
- For cost reporting periods beginning during the 3-year period beginning on July 1, 2004 (i.e., beginning on or after July 1, 2004 but before July 1, 2007).

CR5493 also instructs your FI or A/B MAC to adjust any affected laboratory claims (those containing lines with revenue code 030X) from hospitals meeting the requirements for reasonable cost payment for such services during this additional year.

Note: Medicare outpatient covered clinical laboratory services are generally paid based on a fee schedule, and Medicare beneficiaries are not liable for coinsurance, deductibles or other cost sharing amounts for these services.

Reasonable costs (for cost reporting periods beginning on or after July 1, 2004 but before July 1, 2007) are determined by 1) using the ratio of costs to charges for the laboratory cost center 2) multiplied by the Provider Statistical and Reimbursement's Report (PS&R's) billed charges for outpatient laboratory services.

The same rules used to determine whether clinical laboratory services are furnished as an outpatient CAH service apply for outpatient clinical laboratory tests to hospitals with fewer than 50 beds in qualified rural areas (i.e., one with a population density in the lowest quartile of all rural county populations). Condition of participation for hospitals 42 CFR 485.620(a) (*http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=169041b67c06ff135fac28d4f96bf9d2&rgn=div8&view=text&node=42:4.0.1.5.24.4.203.11&idno=42*) and State Operations Manual (Appendix W, Section 485.62(a); *http://cms.hhs.gov/manuals/Downloads/som107ap_w_cah.pdf*) establish the rules for bed count for CAHs.

Additional Information

The official instruction, CR5493, issued to your FI and A/B MAC regarding this change may be viewed at *http://www.cms.hhs.gov/Transmittals/downloads/R1180CP.pdf* on the CMS website.

If you have any questions, please contact your FI or A/B MAC at their toll-free number, which may be found on the CMS website at *http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip* on the CMS website.

Flu Shot Reminder

It's Not Too Late to Give and Get a Flu Shot! The peak of flu season typically occurs between late December and March; however, flu season can last until May. Protect yourself, your patients, and your family and friends by getting and giving the flu shot. Each office visit presents an opportunity for you to talk with your patients about the importance of getting an annual flu shot and a lifetime pneumococcal vaccination. Remember - influenza and pneumococcal vaccination and their administration are covered Part B benefits. Note that influenza and pneumococcal vaccines are NOT Part D covered drugs. For more information about Medicare's coverage of adult immunizations and educational resources, go to CMS' website: ***http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0667.pdf***