Legacy Laboratory Services

Annual Physician Notice of Laboratory Compliance

Legacy Laboratory Services has an active compliance program that reflects our commitment to conduct business in compliance with all federal, state and local laws, and to adhere to all program requirements for federal, state and private health plans. As a participant in federally-funded healthcare programs, Legacy Laboratory Services is required by the Office of Inspector General (OIG) and the US Department of Justice to provide annual physician education regarding laboratory compliance, billing and coding guidelines and to highlight the responsibilities we share. Legacy Laboratory Services must rely on the ordering provider for the following key compliance elements:

Diagnosis Coding

Per the Balanced Budget Act of 1997, all ordering providers, including physicians, physician assistants, nurse practitioners and other laboratories, are required to submit diagnostic information to the laboratory when ordering. The information submitted on each lab order, either ICD-9 code(s)* or narrative description of diagnosis, signs/symptoms, indication, etc., should best describe the primary reason for ordering each lab test(s) and must be legibly documented (by test) in the patient's medical record/chart.

If testing is requested in the absence of any signs/symptoms, the most appropriate screening 'V' code should be indicated for that test.

Coding cannot be assigned based on a "rule-out" (r/o) narrative description.

All ICD-9 codes* submitted must reflect the highest specificity possible (4th and 5th digits, if they exist).

Coding should NOT be assigned for reimbursement purposes only and should NOT reflect information available only after the lab testing is completed.

ICD-9 codes* are updated annually and new/updated/more specific codes become effective October 1st of each year. Please review them annually to ensure accurate code submission.

*Note: The transition from ICD-9 to ICD-10 has been delayed beyond October 1, 2015.

Medical Necessity

As a health care provider you may order any test(s), including screening tests, which you believe are appropriate for the treatment of your patient. However, claims submitted for laboratory services will only be paid by Medicare or other insurance payors if the service is "covered, reasonable, and necessary" as defined by payor-specific criteria, and based on the ICD-9 code supplied for each test ordered. The medical necessity of each test ordered must be documented in the patient's chart/medical record and reflect any/all coding submitted with the lab requisition.

CMS has developed 27 National Coverage Determination (NCD) Policies that restrict Medicare coverage for 77 lab tests/CPT codes. Noridian Administrative Services, LLC (02402, MAC-Part B) has also developed 7 Local Coverage Determination (LCD) Policies that also restrict

Medicare coverage for 78 lab tests/CPT codes. Any lab test contained in one of these 34 NCD/LCD policies must have a 'covered' diagnosis code assigned to indicate medical necessity per Medicare rules. For a complete list of NCD/LCD policies, with test name(s), CPT and ICD-9 code(s), please review:

LCD = https://www.noridianmedicare.com/partb/coverage/active.html

If a 'non-covered' diagnosis is used the patient must be notified in advance and given the opportunity to sign the Advance Beneficiary Notice (ABN) prior to specimen collection. The ABN must be completed for any Medicare patient where claim denial is suspected based on medical necessity or frequency determinations. The signed, original ABN must be attached to the original lab order prior to submission.

Requesting an ABN on <u>all</u> Medicare beneficiaries is considered by Medicare to be an unacceptable practice.

For an ABN tutorial:

https://www.noridianmedicare.com/partb/train/education_center/media/abn_tutorial.html Copies of the customized Legacy Lab ABN may be ordered along with other supplies.

Screening/Preventive/Routine Lab Orders

Statutorily, Medicare *does NOT* cover any lab testing for routine and/or screening purposes. However, Medicare *does* cover <u>some</u> Preventive lab tests (PSA, Glucose, Lipids, etc.) if ordered as required by Medicare. For Preventive benefit information including test names, CPT codes, required ICD-9 codes and frequency limitations please reference:

 $\underline{\text{http://www.cms.gov/Medicare/Prevention/PrevntionGenInfo/Downloads/MPS} \ \ QuickReferenceChart \ \ 1.pdf}$

When laboratory testing is ordered for screening purposes (asymptomatic) the patient should be advised that payment may be denied by Medicare or other insurance plans. Each lab test ordered for screening purposes must have the appropriate 'V' code.

Per the Affordable Care Act many, but not all, preventive lab services are available for payment if ordered as required by the patient's insurance plan. Those tests available for coverage must be specifically ordered and coded with the appropriate 'V' code(s) as defined by the payor. Any test coded as 'diagnostic' rather than 'screening' based on the ICD-9 code submitted is not payable as a Preventive benefit.

Valid Laboratory Orders/Requisitions:

Thoroughly completing the lab test requisition ensures accurate processing and testing, efficient patient identification and registration, and timely reporting of lab results. Due to the everincreasing complexity of insurance billing, please attach a front/back copy of the patient's insurance card(s) to ensure proper billing. If incomplete insurance information is submitted the patient may receive the itemized statement.

Reoccurring orders are only acceptable by Medicare in connection with extended treatment by the same ordering physician, and with the same diagnosis code(s). Recurring orders are valid for a maximum of 365 days from original order date and must be renewed annually. One-time orders are valid for a maximum of 90 days from the original order date.

Patients may not order laboratory testing directly from Legacy Lab. If a patient wants non-diagnostic testing done the ordering physician may concur and order the testing with any appropriate screening code. If a patient wants non-screening test(s) done the testing may be requested by the provider without any diagnosis information. However, this type of order cannot be billed to any insurance plan. The ordering provider must document the request in the patient's chart *and* notify the patient that any such testing can only be billed directly to the patient.

The lab requisition is the tool used to communicate the physician order to the lab, but it is NOT considered the valid 'order' as defined by Medicare. Upon request by Legacy Laboratory or its payers/auditors, ordering providers are required to provide any/all chart documentation (including physician signature), that reflects the actual lab order and/or supports the authenticity and medical necessity of the lab order(s) submitted.

Signature stamps are NOT acceptable. Orders must include legibly-written or electronic signatures.

Organ/Disease Panels/Lab-Customized Panels

Any laboratory test panel, whether AMA, Laboratory or Client-developed, must only be ordered, charged and reimbursed when ALL individual components of the panel are medically necessary as determined by specific ICD9 code(s) and documented in the patient's medical record/chart.

Reflex Testing

Reflex Testing is additional testing (with additional cost) that is automatically performed on the basis of the initial results. All procedures that contain a reflexive pathway are identified in our test directory. Many include 'w/reflex' as part of the test name.

Pre-Authorization of Lab Order

Pre-authorization of certain lab testing (i.e.: Genetics, Cytogenetics, Allergy testing, Celiac testing, etc.) may be required, as defined by the patient's insurance provider. Any preauthorization paperwork must be completed by the ordering provider and submitted for approval prior to submission of any lab orders. Please include the preauthorization number on the lab order along with any related documentation.

Other important information about the Legacy Laboratory Compliance Program includes

Medicaid reimbursement will be equal to or less than the Medicare reimbursement amount. Medicare's Clinical Laboratory Fee Schedule (CLFS), including all CPT codes, can be found at: http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ClinicalLabFeeSched/index.html

- Because we are a CMS-contracted provider we are prohibited from billing any federal program for testing requested by any provider excluded from participation. Lab testing ordered by any sanctioned provider should not be submitted to Legacy Lab, and will not be accepted.
- 2. The OIG/Department of Justice takes the position that an individual who knowingly causes a false claim to be submitted may be subject to sanctions or remedies available under civil, criminal and administrative law. The laboratory will not knowingly bill Medicare for lab testing that is non-covered, unreasonable and/or unnecessary.
- 3. If the laboratory receives an order without any diagnosis information, or is unable to bill for testing because the coding supplied doesn't meet medical necessity requirements, we will attempt to contact the ordering provider to gather additional coding information

- that may have been documented in the patient's chart but wasn't noted on the original lab requisition. The laboratory may not assign diagnosis information on its own.
- 4. Supplies required for the collection of specimens sent to our laboratory will be provided upon request. Due to Stark II/Anti-Kickback statutes, supply volumes must reasonably match volumes of testing received.

If you have any questions about this annual notice or any issue/concern related to laboratory financial compliance or lab coding, please contact: Mike Castoldi, Financial Compliance Analyst/Lab Coding Specialist @ mcastold@LHS.org or 503-692-5459.

For questions or issues related to clinical or regulatory compliance, please contact: Susan Harris, Clinical/Regulatory Compliance Consultant @ sharris@LHS.org or 503-413-5028.

Thank you! We appreciate your partnership in providing quality, compliant patient care.

Legacy Laboratory Services.