

Related Change Request (CR) #: 3835

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Implementation Date: April 3, 2006

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

**Note:** This article was revised to contain Web addresses that conform to the new CMS website and to show they are now MLN Matters articles. All other information remains the same.

### Provider Types Affected

All hospitals billing for non-patient lab specimens, but particularly Maryland Hospitals billing Medicare fiscal intermediaries (FIs) for laboratory services for their outpatients and for non-patients and critical access hospitals (CAHs) billing FIs for laboratory services for their outpatients and for non-patients

### Provider Action Needed



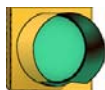
#### **STOP – Impact to You**

Affected providers must stop using Type of Bill (TOB) 14x when billing for referred diagnostic tests and reserve the use of TOB 14x for non-patient laboratory specimens.



#### **CAUTION – What You Need to Know**

Be aware of the redefinition of TOB 14x for use in billing tests for non-patient laboratory specimens, which Medicare pays for based on the Clinical Diagnostic Laboratory Fee Schedule. When the lab tests are provided in **Maryland**, services to a hospital's own outpatients are paid under the **state cost containment system**. **When tests are performed on non-patient specimens, they are categorized as "non-patient specimen only lab tests."** The same distinction applies to CAHs. When the lab tests are performed for the CAH's own outpatients there are paid based on cost. When they are performed on non-patient specimens the tests are paid based on the lab fee schedule.



#### **GO – What You Need to Do**

Use the redefined TOB 14x for non-patient laboratory specimens as discussed in this article.

#### 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.

## Background

While 85x TOB is still used for lab tests, it is **only** valid if the patient is an **outpatient** of the CAH and **physically present** at the time the specimen is collected. A CAH cannot seek reasonable cost reimbursement for tests provided to individuals in locations such as a rural health clinic, a provider-based home health agency, the individual's home, or a physician's office. Individuals in these locations are non-patients of the CAH and their lab tests are categorized as "non-patient specimen only lab tests." For these non-patients, use TOB 14x and Medicare's payment will be made under the lab fee schedule.

In the early 1990s, the definition of 14x was changed to be "all referred diagnostic services" and, subsequently, there was no adequate method to distinguish the non-patient specimens. The changed definition of TOB 14x was confusing to both providers and FIs.

Due to this lack of clarity, and the need to pay both Maryland hospitals and CAHs on the lab fee schedule when only the specimen is received and the need to distinguish for certain pathology tests, the Centers for Medicare & Medicaid Services (CMS) is introducing a revised definition of TOB 14x for non-patient specimens. These specimens will be paid on the clinical diagnostic lab fee schedule, as opposed to on the basis of reasonable cost or percent of charges.

## Implementation

The implementation date for this instruction is April 3, 2006.

## Additional Information

The official instruction issued to your FI regarding this change may be found by going to <http://www.cms.hhs.gov/transmittals/downloads/R734CP.pdf> on the CMS website.

For additional information relating to this issue, please refer to your FI. To find their toll free phone number, go to <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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