



News Flash – Test Your Medicare Claims Now! After you have submitted claims containing both National Provider Identifiers (NPIs) and legacy identifiers and those claims have been paid, Medicare urges you to send a small batch of claims now with only the NPI in the primary provider fields. If the results are positive, begin increasing the number of claims in the batch. (Reminder: For institutional claims, the primary provider fields are the Billing and Pay-to Provider fields. For professional claims, the primary provider fields are the Billing, Pay-to, and Rendering Provider fields. If the Pay-to Provider is the same as the Billing Provider, the Pay-to Provider does not need to be identified.)

MLN Matters Number: MM5943 **Revised**

Related Change Request (CR) #: 5943

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Effective Date: January 1, 2008

Related CR Transmittal #: R1440CP

Implementation Date: March 7, 2008

Medicare, Medicaid and State Children’s Health Insurance Program (SCHIP) Extension Act of 2007 (MMSEA) Changes to Independent Laboratory Billing for the Technical Component (TC) of Physician Pathology Services

Note: This article was revised on February 27, 2008, to correct a date in the last sentence of the “Background” section. The date was changed to show June 30, 2008. All other information remains the same.

Provider Types Affected

Independent laboratories billing Medicare carriers or Medicare Administrative Contractors (A/B MACs) for services rendered to hospitalized Medicare beneficiaries.

What Providers Need to Know

Qualifying independent laboratories may continue to bill Medicare directly for the TC of certain physician pathology services provided to patients as part of a covered hospital inpatient stay or outpatient hospital service, through June 30, 2008.

Disclaimer

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Background

In the final physician fee schedule regulation published in the *Federal Register* on November 2, 1999, the Centers for Medicare & Medicaid Services (CMS) stated it would implement a policy to pay only the hospital for the TC of physician pathology services furnished to hospital patients. Ordinarily, the provisions in the final physician fee schedule are implemented in the following year. However, new provisions established under Section 542 of the Benefits Improvement and Protection Act of 2000 (BIPA), Section 732 of the Medicare Modernization Act (MMA), and Section 104 of the Tax Relief and Health Care Act of 2006 (TRHCA) have further delayed implementation of the proposed policy change. These provisions were scheduled to expire December 31, 2007.

The Section 104 of the Medicare, Medicaid and SCHIP Extension Act of 2007 created a new provision to extend Section 732 of the Medicare Modernization Act (MMA) provision an additional six months. This will allow qualifying independent laboratories to continue to bill Medicare for the technical component (TC) of certain physician pathology services provided to beneficiary in a covered hospital inpatient or outpatient event, regardless of the beneficiary's hospitalization status on the date the service was performed. Independent laboratories eligible to bill their carrier or Part A/B Medicare Administrative Contractor (Part A/B MAC) for these services may do so through June 30, 2008, regardless of the beneficiary's hospitalization status.

Key Points

- Independent laboratories that qualify to bill for the TC of a physician pathology service furnished to an inpatient or outpatient of a covered hospital may continue to bill their carrier or Part A/B MAC for these services through June 30, 2008.
- Effective on or after July 1, 2008, only the hospital may bill for the TC of a physician pathology service provided to a hospital inpatient or outpatient.
- A covered hospital refers to a hospital that has an arrangement with an independent laboratory that was in effect as of July 22, 1999, under which the laboratory furnished the TC of physician pathology services to fee-for-service Medicare beneficiaries who were patients of the hospital.

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- The hospital cannot bill under the Outpatient Prospective Payment System (OPPS) for the TC of physician pathology services if the laboratory that services that hospital outpatient is receiving payment from its carrier or A/B MAC under the Medicare physician fee schedule.

Additional Information

To see the official instruction (CR5943) issued to your Medicare carrier or Part A/B MAC, refer to <http://www.cms.hhs.gov/Transmittals/downloads/R1440CP.pdf> on the CMS website.

If you have questions, please contact your Medicare 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.

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