



McKee Medical Center

Banner Health Colorado

Laboratory Memo

Date: February 8, 2010

To: McKee Medical Staff

From: Sue Harkness, Laboratory Manager, 622-1960
Thomas Neuhauser, MD, Medical Director, 635-4152

Subject: Annual Lab Notice to Physicians about Medicare Compliance

In an effort to help clinical labs comply with federal laws and regulations, the Office of the Inspector General (OIG) of the Department of Health and Human Services has issued a Compliance Plan for Clinical Laboratories setting forth certain operational guidelines. It also offers guidance on how labs (and their clients) can avoid submitting false claims to Medicare, Medicaid, and other government health programs.

It is our obligation on a yearly basis to inform you of the current regulations pertaining to medical necessity as found in the local medical review policies (LMRP's). The Medical Advisory Panel at the Medicare intermediary develops LMRP's. Our Medicare intermediary is Mutual of Omaha.. LMRP's can be found on the Internet at www.the-medicare.com.

We suggest that the website be used as a reference to LMRP's due to the constant changes in government regulations when billing lab tests to federally funded programs. LMRP's are continually updated and printed information is only as current as the publish date and is subject to change without notice to the laboratory.

Medically Necessary

At the government's request, we would like to remind you that when ordering tests that will be paid under the Medicare or Medicaid program, you should only order tests that are medically necessary and for the diagnosis or treatment of the patient. It is important that this requirement be understood because the Office of the Inspector General of the United States Department of Health and Human Services takes the position that **a physician who orders medically unnecessary tests may be subject to civil penalties.**

2. Screening Tests

If you want to order tests for screening purposes, the patient should be informed of their fiscal responsibility to pay for the laboratory testing. With the proper patient acknowledgment provided on the Advanced Beneficiary Notice (ABN), you may order screening tests and provide a screening diagnosis. The ABN must be obtained prior to specimen collection.

3. Diagnosis Code and Physician Signature

Per government regulations, we are required to obtain a diagnosis code or narrative description of diagnosis, which supports the medical necessity to perform the lab test. If you require assistance or need clarification on valid ICD-9 diagnosis codes, please contact the Coding Department at McKee at 635-1434. We also require the physician's signature on all laboratory orders. In the event that we do not have the diagnosis code or physician's signature, we will contact your office to provide us with this information in writing.

4. Organ and Disease Panels

The McKee Laboratory only offers HCFA approved Organ and Disease related panels. When billing for one of these panels we perform all components in the panel. Medicare will only pay for these tests when all components are medically necessary and supported by a written order. Additional chemistry tests ordered and performed will be billed individually.

5. Medicare Fee Schedules and Additional Information

Upon request, the Medicare laboratory fee schedule will be provided by contacting the Medical Staff Office at 635-4041. Medicaid reimbursement is usually equal to or less than the amount of Medicare reimbursement. If you would like additional information on ordering appropriate laboratory tests contact the Laboratory Medical Director, Dr. Thomas Neuhauser, MD, 635-4125.

We hope you find this information helpful. Thank you for your continued cooperation and support in providing the necessary information for performance and billing of lab tests.