Laboratory Update:
2018 Annual Update

Dear Healthcare Provider:

The Office of Inspector General (OIG) recommends clinical laboratories send notices to physicians and other providers who use their services, at least once a year, to inform the recipients of the laboratory’s policies for test ordering and billing and provide certain other information regarding the laws and regulations that govern laboratory services. This Annual Laboratory Update is provided pursuant to that recommendation.

The following information is intended to promote awareness of federal regulations and to explain the requirement for physicians to furnish appropriate documentation when ordering testing services. If you have questions about the contents in this notice, we encourage you to contact us for more information.

Worker’s Compensation Billing Policy: All WC orders must be submitted with a copy of doctor’s notes rendered on the date of requested service.

PAP Smear Orders: The Last Menstrual Period (LMP) date is required on all PAP Smear orders (ThinPrep, SurePath). Providers must indicate LMP in MM/DD/YYYY format. Omitting the LMP date on orders makes it difficult to release results on timely basis.

Specimen Integrity: In order to assure patient safety and provide accurate results on the correct patient, our laboratory requires that all samples be labeled with two patient identifiers. Please make sure that all samples collected in your office are labeled at the time of collection, in the presence of the patient. Use the patient’s first and last name as the primary identifier, and then you may use the patient’s date of birth as the second identifier. In addition, please include
the actual **date and time of specimen collection.** This information helps you better interpret the results and it helps us monitor specimen quality.

**Supplies:** Lenco Laboratory will provide supplies required for the collection of specimens that are to be sent to our laboratory. Anti-Kickback statutes govern these practices, and our laboratory monitors the volume of supplies provided to your offices. Supply volumes must reasonably match volumes of testing received.

**Orders:** Our laboratory can only perform tests when properly ordered by a legally authorized provider. In New York, a legally authorized provider is identified as a licensed physician, dentist, or mid-level practitioner hereafter referred to as clinician. Orders submitted under the office MA’s or RN’s name only are not acceptable. Orders must include the patient’s full legal name, date of birth, reason for the test ordered, date and time of collection, insurance/payment information, source when applicable, and clinician’s name. Medicare requires hand-written orders to be signed and dated by the provider; however pre-printed laboratory requisitions and electronic orders authorized by the provider and printed do not require signature.

**Add-on Orders:** Lenco Laboratory Services will only accept “add-on” orders to specimens already collected at the written request of the clinician. These may be submitted by fax (718-232-1550). Lenco Laboratory will not accept verbal orders as a valid order.

**Standing Orders:** CMS requires that recurring test orders be monitored to ensure their continuing validity. If the recurring orders expire after a certain period of time, the provider shall resubmit them at that time. To help ensure the validity of recurring orders, Providence laboratories will take the following steps: (1) Ensure the recurring order expires at the designated time frame (not to exceed 12 months). (2) If the frequency, test or diagnosis (medical necessity/ICD-10 code) are changed, a new recurring order must be written. (3) If the test(s) covered by the recurring orders may not be covered by Medicare, an Advance Beneficiary Notice of Noncoverage (ABN) may be executed to inform the patient that
they may be responsible for payment. Notification that an ABN was obtained should be documented for each encounter under the recurring orders. The ABN expires when the recurring order expires.

**Laboratory Billing Policy:** All tests that are both ordered and performed are billed to the appropriate insurance payer under the guidelines provided by the payer and in accordance with all federal, state and local laws and regulations. Claims for reimbursement shall only be submitted for tests that are appropriately ordered and performed. If the test was either not appropriately ordered by an authorized individual/entity or was not actually performed, Lenco shall not submit the claim for reimbursement.

**Diagnosis Codes:** CMS requires that orders for tests be accompanied by diagnostic information to establish medical necessity. Failure to document medical necessity will cause the test to be denied coverage. Claims submitted by Lenco shall use only diagnostic information submitted by the ordering provider.

**Assignment of CPT and HCPCS Codes:** CPT and/or HCPCS codes must accurately describe the clinical laboratory services that were ordered and performed. Providence selects the CPT/HCPCS code that most accurately reflects the service performed according to the most current guidelines from the American Medical Association (AMA) and regulatory agencies including Medicare A/B Administrative Contractors (MAC).

**National Coverage Decisions (NCDs) and Medical Necessity:** The Center for Medicare and Medicaid Services (CMS) developed several coverage policies to assure appropriate laboratory utilization. Please see [http://www.cms.gov/medicare-coverage-database/indexes/lab-ncd-index.aspx](http://www.cms.gov/medicare-coverage-database/indexes/lab-ncd-index.aspx) for an alphabetical listing to select the most current on-line version of the coverage rules. When the ICD10 code you provide does not meet medical necessity requirements, Medicare patients must be advised in advance. Use the CMS approved Advance Beneficiary Notice of Non-Coverage (ABN) to document your discussion. This gives you the opportunity to review the need for the test with the patient, notifies them that they may be responsible for the charges, and provides the patient the option to not have their test(s) or service(s) performed.
Non-Covered Services: There has been an increase in requests for testing that Medicare considers “non-covered”. Often these are genetic tests that require pre-authorization, your signature as the ordering provider, and a signed patient consent.

Pre-Authorization: Many insurance companies require physician pre-authorization (PA) prior to ordering or collecting certain tests, i.e. genetic markers. Please check with the health plan prior to ordering tests on your patients. If the test requires pre-authorization, please include the PA # on the laboratory order to prevent delays in processing.

Referral Tests: When tests ordered are not available for analysis within our laboratory, we forward them to carefully selected referral laboratories. Reference laboratories must meet our criteria for quality and service, and they must be properly accredited for the testing ordered. Reference laboratories must meet all of the rules established by the Clinical Laboratory Improvement Act and by their accrediting agency. We will only send tests to laboratories with which we have an arrangement for service. Through such arrangements we are able to enhance connected care with quicker turn-around-times and interfaced electronic result reporting.

Reflex Testing: Reflex testing occurs when the initial test results are positive or outside normal parameters and indicate that a second related test is medically appropriate or as required by NYS DOH. In order to avoid performing unnecessary reflex tests, Lenco will carefully evaluate reflex testing using the following criteria: All tests that have a reflex test available shall be clearly identified on the requisition, in the test directory, or other means by which a provider can choose a test to order. If a test is listed on a requisition form, the non-reflex option must be on the same requisition form when appropriate. The criteria under which the reflex test will be performed shall be clearly indicated on the requisition form or in the test directory.

Panel Tests: Organ or disease related panels are charged and reimbursed only when all test components are medically necessary. All components of panels offered by Lenco Laboratory may be ordered individually. Lenco does not recognize
custom panel orders designed by other laboratories. To prevent delays with testing, and to be sure you receive the tests intended, please order using specific test names and numbers as provided in our test directory.

**Medicare Laboratory Fee Schedule:** Medicare publishes the reimbursement fee schedule for 2018 on the CMS site, http://www.cms.hhs.gov/ClinicalLabFeeSched/02_clinlab.asp#TopOfPage. The Medicaid reimbursement amount will be equal to or less than the amount of Medicare reimbursement.

**Effective Date:** This notice represents coverage decisions and policies currently in effect.

Notices will be sent as necessary throughout the year to update physicians when our policies or services change. Please read these notices carefully as they contain important information regarding the services you order for your patients.

We hope you find this information useful in your practice. If you have any questions, please call your Lenco Sales/Service Representative or our Client Services Department at 718-232-1515, ext 9.

Best Regards,

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Medical Director

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Compliance Officer