



CAH BOOM

Information Alert

JULY 8, 2009

SPECIAL INFORMATION

- Reimbursement Strategies
- Appropriate Allocations
- Revenue Capture
- Specialized Analysis



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Clinical Diagnostic Laboratory Tests furnished by CAHs

Section 148 of The Medicare Improvements for Patients and Providers Act (MIPPA) CR6395

Effective: July 1, 2009

The new Diagnostic Lab reimbursement rules went into effect last week. Many questions have come in to us regarding what qualifies as cost based and what does not. According to CMS 100-04, section 250.6

*...payment is at 101% of reasonable cost if the patient is an outpatient of the CAH **AND** is receiving services from the CAH...*

*"Receiving" is defined as CAH O/P services are rendered on the same day the specimen is drawn **OR** the specimen is collected by a CAH employee.*

In addition to the above regulation, there are provider-based lab regulations in the **proposed IPPS 2010 regulations**. In the proposed regulations, there is a change to provider-based status for CAH-based clinical diagnostic laboratory facilities. Labs used to be exempt from provider-based determinations and were always paid fee schedule. The proposed regulations have clarified that these CAH-based lab facilities can become provider-based as long as the lab facilities meets the 35 mile distance requirement (cannot be within 35 miles of another hospital or CAH). This allows lab facilities to become provider-based, become a reimbursable O/P department of the CAH on the cost report and receive cost reimbursement. If your CAH-based lab does NOT meet the requirements, it will not be provider-based and will not be eligible for cost reimbursement under this proposed rule.

This is confusing!!! Remember, provider-based rules **were** the only way a CAH could receive "cost" reimbursement for off-site locations, and the proposed IPPS 2010 regulation is expanding that scope. The way to achieve this reimbursement is the MIPPA rule. The MIPPA rule effective July 1, 2009 allows CAH's to be reimbursed cost for labs drawn at off-site locations (regardless of provider-based status)

Lab scenarios:

CAH owned Lab that is closer than 35 miles to another hospital.

- Off-site Lab location is NOT eligible for "provider-based" status under proposed IPPS rules
- Off-site Lab location will be treated as a non-reimbursable department on the cost report
- Off-site Labs are eligible for cost reimbursement under the 7/1/09 regulation as long as patient is a registered O/P of the CAH **AND** is receiving services from the CAH that day **OR** a CAH employee collects the specimen
- Bill labs on bill type 85X and receive 101% of cost

Lab at local SNF (not owned by CAH)

- Patient is registered as CAH O/P
- Employee of CAH collects **OR** patient receiving O/P services that day from CAH
- Bill labs on bill type 85X and receive 101% of cost

Lab at private physician office

- Patient is registered as physicians
- Physician office collects specimen
- Bill labs as "non-patient" on bill type 14X and receive Lab fee schedule

CAH owned Lab that is farther than 35 miles to another hospital.

- Off-site Lab **IS** eligible for "provider-based" status under proposed IPPS rules
- File provider-based attestation with CMS
- Treated as reimbursable department on the cost report
- Bill labs on bill type 85X and receive 101% of cost

These new regulations can be confusing, please contact me with any questions concerning your specific arrangements.

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