

## Palmetto GB Video Script for Part B Clinical laboratories (Billing Independently)

Hello, I'm Jazz Harrison, a clinical educator on the Provider Outreach and Education team at Palmetto GBA. I have the privilege of providing general and targeted clinical education to providers like you. As a provider, you play a key role in the Health Information Supply Chain. At Palmetto GBA, our goal is to help strengthen that chain by delivering clear, concise information that will help you decrease denials and increase compliance as it relates to the medical documentation component.

Our focus today is independent billing for clinical laboratories billed under Medicare Part B. The intent of this video is to decrease lab denials and reimburse the necessary services rendered to a beneficiary by assuring labs examine their own Health Information Supply Chain. This will help them know what is needed in the medical record to meet Medicare's medical necessity requirements. So let's see if we can take "A Stab at Labs!"

Let's begin by familiarizing ourselves with what labs are and who is authorized to order a lab test under Medicare.

- A lab test is categorized as a diagnostic service.
- The "treating physician" is a physician who furnishes a consultation or who treats a beneficiary for a specific medical problem and uses the results of a diagnostic test in the management of the beneficiary's specific medical condition.
- A lab test can be ordered by a treating physician, nurse practitioner, clinical nurse specialist, or physician assistant. A "testing facility" is a Medicare provider or supplier that furnishes diagnostic tests. A testing facility may include a physician or a group of physicians such as radiologists or pathologists, a laboratory, or an independent diagnostic testing facility or I-D-T-F.

Now that we've laid the foundation of what labs are and who can order them, let's define orders:

- An order is a communication from the treating physician or practitioner requesting that a diagnostic test be performed for a beneficiary. The order may also conditionally request an additional diagnostic test for a particular beneficiary. For example, an order may specify that if test X is negative, then perform test Y. An order may be authorized by a written document signed by the physician or practitioner. The written order can be hand delivered, mailed, emailed or faxed to the testing facility. A provider may also deliver a verbal order to the testing facility by phone. Please remember that if a verbal order is received by phone, the testing facility must document the telephone call in their respective copies of the beneficiary's medical records.

The order or intent to order is vital and must be included in the medical record. This is where the rubber meets the road! Verifying the ordering or treating provider's intent and involvement with requesting the patient's tests is a crucial aspect of establishing medical necessity.

The presence of a “signed” order – electronic or otherwise -- by the authorizing provider is often the simplest way to validate the test performed and billed by an independent clinical laboratory. However, it is not the only way. Medicare contractors do two things when conducting medical reviews or audits of claims submitted by independent labs.

- They obtain corroborating test results which show that the billed services were rendered.
- They also verify that the tests were medically necessary based upon documentation sent to the laboratory by the ordering or referring provider.

If the ordering provider fails to respond with the necessary documentation, this causes a break in the Health Information Supply Chain. Because of this break, the lab services will be denied. This will result in the independent clinical laboratory assuming the financial responsibility for the Medicare overpayment because Medicare always follows the money!

Therefore, it is imperative that lab clients such as ordering physicians, nurse practitioners, and staff understand their responsibility in documenting and establishing coverage for tests submitted to Medicare for payment.

Thanks again for joining me in taking a “Stab at Labs!” I’m Jazz Harrison with Palmetto GBA  
Have a great day!