National Association for the Support of Long Term Care

BENEFITS OF A NEW PAYMENT MODEL FOR CLINICAL LABORATORY SERVICES PROVIDED TO NURSING HOME OR HOMEBOUND PATIENTS

A New Per Encounter Model Will Ensure Beneficiary Access, Increase Overall Understanding of the Travel Portion of Reimbursement, and Increase Program Integrity

BACKGROUND

A small, but specialized segment of the clinical laboratory industry provides very basic laboratory studies seven days a week used to diagnose and monitor a wide range of conditions for nursing home and homebound Medicare beneficiaries. Specially trained staff travel to patients' bedsides several days each week (usually in the early morning or late evening hours), draw blood samples and then transport them to the laboratory which processes them and reports the results to the patient's physician and the facility. The study results are used to diagnose and monitor the status of a wide range of conditions such as diabetes, cancer, heart disease, pneumonia, urinary infections, influenza and flu-like diseases, asthma and COPD, and arthritis. These services are provided predominantly by specialized regional and local laboratories as the national and large regional independent laboratory companies and almost all hospital laboratories de-emphasized serving nursing home and homebound patients many years ago. These services are outside of the scope of the business model of these companies and hospitals which emphasize very high volumes of tests, provide many more sophisticated (and more costly) tests and have a much reduced reliance on Medicare reimbursement.

BENEFITS OF BEDSIDE CLINICAL LABORATORY SERVICES

The testing and results are provided the same day in almost all situations – particularly where the patient's condition has changed or deteriorated, and the alternative would be to transfer the patient via ambulance for an emergency department visit and/or admission to a hospital for diagnosis and treatment. Providing these lab services by having specially trained personnel travel to the patient's bedside is highly cost effective. (The incremental cost to the Medicare program of transporting a patient to a hospital or other facility is approximately $450 per trip.)

A NEW PAYMENT MODEL FOR CLINICAL LABORATORY SERVICES PROVIDED TO NURSING HOME OR HOME BOUND PATIENTS

Billing for clinical laboratory services provided to nursing home or homebound patients is complex due to multiple payment elements: the Medicare fee for the actual laboratory tests (the same fee is paid to all lab providers from the Clinical Lab Fee Schedule); a separate fee for specimen collection; and a separate travel allowance fee consisting of the IRS mileage reimbursement reflecting fuel and vehicle expenses plus a labor portion covering staff salary and benefit costs. Of these three reimbursements, the billing for the mileage is not only the most challenging to providers because of conflicting guidance, but it is outdated and does not accurately reflect the costs associated with this labor. Federal statute requires that the travel allowance be updated annually and "cover the transportation and personnel expenses for trained personnel to travel to the location of an individual to collect the sample."

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The reimbursement of the travel on the part of the trained phlebotomist is billed in one of two ways. The first is billed under HCPCS P9603, which is a per mile reimbursement, and which includes mileage and personnel expenses to obtain the specimen. The other is HCPCS P9604, which pays for those trips of a distance less than 20 miles and is paid at a flat rate.

Under NASL's proposal, we propose that CMS consolidate the current two mileage codes noted above into one single HCPCS code to equal the average of the per-encounter rates currently reimbursed to pay for mileage. The new single HCPCS code for travel would include mileage and personnel just as the two separate codes do now. In order to preserve and encourage rural access, we also recommend a rural add-on code to be paid for those services rendered in rural zip codes and which would be a separate HCPCS code to be added to the new consolidated code.

This new consolidated fee, which aggregates those payments of P9603 and P9604 reimbursements into a universal, single per-encounter payment to cover the mileage traversed in providing these laboratory services, eliminates much of the challenges associated with the billing of these travel fees and specifically eliminates the need for provider calculation of mileage. Importantly, we intend that the aggregate expenditures for travel reimbursement to this industry would remain unchanged (budget neutral).

Establishing a new model for payment for the laboratory services provided to Medicare nursing home patients or homebound patients would also be consistent with Congress', CMS' and the Medicare Payment Advisory Commission's goals to move away from fee-for-service payments.

HIGHLIGHTS OF A NEW PER ENCOUNTER PAYMENT MODEL

Under NASL's proposal, the implementation of a uniform, singular HCPCS code for the reimbursement of travel miles with a rural add-on code for services furnished in rural zip codes would simplify how travel is calculated and paid under the Medicare program. In addition, our new simplified approach:

- Will apply to all laboratory providers that service nursing home and homebound patients;
- Ensure continued access to these critical services for these Medicare beneficiaries;
- Increase overall provider understanding of the travel allowance policy; and
- Provide for effective, pragmatic solutions to program integrity concerns by reducing provider's ability to overbill for mileage.

REQUEST

Congress should support an innovative payment model for clinical laboratory tests provided to nursing home and homebound beneficiaries that supports these goals:

- Help ensure continued beneficiary access to these services.
- Permit and incentivize provider efficiencies.
- Address program integrity concerns.

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