REBECCA PASTERNIK-IKARD
CHIEF EXECUTIVE OFFICER

J. KEVIN STITT
GOVERNOR

STATE OF OKLAHOMA

OKLAHOMA HEALTH CARE AUTHORITY

OHCA 2019-01

January 25, 2019

Re: Laboratory and Diagnostic Testing

Dear Provider,

It has come to the attention of the Oklahoma Health Care Authority (OHCA) that some providers are ordering and performing laboratory tests without a medical indication. These tests include wellness screenings that are not recommended standard of care screens. There has also been an increase in non-standard of care diagnostic testing, including polymerase chain reaction infectious disease testing with no documented medical indication. A review of a sample of medical records from multiple providers also shows that the results of the testing are rarely discussed with patients. This practice indicates there may be no clinical indication for performance of these laboratory tests. The ordering and billing of these laboratory and diagnostic tests demonstrate potential waste and abuse of Oklahoma State Medicaid funds.

All providers should review their internal processes and procedures and ensure they are ordering and/or performing laboratory and other diagnostic testing that are medically indicated and appropriate pursuant to Oklahoma Administrative Code (OAC) 317:30-3-1(d)**.** This policy states, "Payment to practitioners on behalf of Medicaid eligible individuals is ***made only for services that are medically necessary and essential to the diagnosis and treatment of the patient's presenting problem***. Well-patient examinations and diagnostic testing are not covered for adults unless specifically set out in coverage guidelines."

Furthermore, OAC 317:30-5-20 states, "Only medically necessary laboratory services are compensable. Testing must be medically indicated as evidenced by patient-specific indications in the medical record" and "***Laboratory testing for routine diagnostic or screening tests performed without apparent relationship to treatment or diagnosis of a specific illness, symptom, complaint or injury is not covered***. Non-specific, blanket panel or standing orders for laboratory testing, custom panels particular to the ordering provider, or lab panels which have no impact on the patient's plan of care are not covered."

Finally, OAC 317:30-5-20 authorizes the OHCA to take appropriate actions against providers who have engaged in medically unnecessary laboratory testing including, among other actions, recoupment.

The OHCA staff are committed to be responsible stewards of the Oklahoma taxpayers' dollars. We will continue to monitor laboratory and diagnostic testing with claims analysis and medical chart reviews as warranted and refer for inappropriate practices as necessary. The laboratory services policy found at OAC 317:30-5-20 has been attached for your convenience.

If you have any questions, please call the OHCA Provider Helpline at 1-800-522-0114.

Thank you for your continued service to our SoonerCare members.

Sincerely,

Rebecca Pasternik-Ikard

Rebecca Pasternik-Ikard
Chief Executive Officer

317:30-5-20. Laboratory services

This Section covers the guidelines for payment of laboratory services by a provider in his/her office, a certified laboratory and for a pathologist's interpretation of laboratory procedures.

(1) **Compensable services.** Providers may be reimbursed for compensable clinical diagnostic laboratory services only when they personally perform or supervise the performance of the test. If a provider refers specimen to a certified laboratory or a hospital laboratory serving outpatients, the certified laboratory or the hospital must bill for performing the test.

(A) Reimbursement for lab services is made in accordance with the Clinical Laboratory Improvement Amendment of 1988 (CLIA). These regulations provide that payment may be made only for services furnished by a laboratory that meets CLIA conditions, including those furnished in physicians' offices. Eligible providers must be certified under the CLIA program and have obtained a CLIA ID number from Centers for Medicare and Medicaid Services and have a current contract on file with the Oklahoma Health Care Authority (OHCA). Providers performing laboratory services must have the appropriate CLIA certification specific to the level of testing performed.

(B) Only medically necessary laboratory services are compensable.

(i) Testing must be medically indicated as evidenced by patient-specific indications in the medical record.

(ii) Testing is only compensable if the results will affect patient care and are performed to diagnose conditions and illnesses with specific symptoms.

(iii) Testing is only compensable if the services are performed in furtherance of the diagnosis and/or treatment of conditions that are covered under SoonerCare.

(C) Laboratory testing must be ordered by the physician or non-physician provider, and must be individualized to the patient and the patient's medical history or assessment indicators as evidenced in the medical documentation.

(2) **Non-compensable laboratory services.**

(A) Laboratory testing for routine diagnostic or screening tests performed without apparent relationship to treatment or diagnosis of a specific illness, symptom, complaint or injury is not covered.

(B) Non-specific, blanket panel or standing orders for laboratory testing, custom panels particular to the ordering provider, or lab panels which have no impact on the patient's plan of care are not covered.

(C) Split billing, or dividing the billed services for the same patient for the same date of service by the same renedering laboratory into two or more claims is not allowed.
(D) Separate payment is not made for blood specimens obtained by venipuncture or urine specimens collected by a laboratory. These services are considered part of the laboratory analysis.
(E) Claims for inpatient full service laboratory procedures are not covered since this is considered a part of the hospital rate.
(F) Billing multiple units of nucleic acid detection for individual infectious organisms when testing for more than one infectious organism in a specimen is not permissible. Instead, OHCA considers it appropriate to bill a single unit of a procedure code indicated for multiple organism testing.
(G) Billing multiple Current Procedural Terminology (CPT) codes or units for molecular pathology tests that examine multiple genes or incorporate multiple types of genetic analysis in a single run or report is not permissible. Instead, OHCA considers it appropriate to bill a single CPT code for such test. If an appropriate code does not exist, then one unit for an unlisted molecular pathology procedure may be billed.

(3) **Covered services by a pathologist.**
(A) A pathologist may be paid for the interpretation of inpatient surgical pathology specimen when the appropriate CPT procedure code and modifier is used.
(B) Full service or interpretation of surgical pathology for outpatient surgery performed in an outpatient hospital or ambulatory surgery center setting.

(4) **Non-compensable services by a pathologist.** The following are non-compensable pathologist services:
(A) Experimental or investigational procedures.
(B) Interpretation of clinical laboratory procedures.

(5) **Penalties.** The OHCA reserves the right to take such action as it may deem appropriate against any provider as a result of medically unnecessary laboratory testing, including, without limitation, recoupment and possible termination of the provider's underlying provider agreement with OHCA. In addition, appropriate cases may be referred for further investigation and possible action by the Office of the Attorney General's Medicaid Fraud Control Unit.