MLN Matters
Information for Medicare Fee-for-Service Health Care Professionals

News Flash - Your Medicare Payments Could Be Reduced If The Internal Revenue Service (IRS) Needs To Collect Overdue Taxes That You Owe - The Taxpayer Relief Act of 1997, Section 1024, authorizes the IRS to reduce certain federal payments, including Medicare payments, to allow collection of overdue taxes. Should you owe such taxes and your payments are reduced, your remittance advice will reflect a provider level adjustment code (PLB) of "WU" in the PLB03-1 data field. For more information, please see MLN Matters Article #MM6125 available at *http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6125.pdf* on the CMS website.

MLN Matters Number: MM6195 | Related Change Request (CR) #: 6195

Related CR Release Date: September 5, 2008 | Effective Date: July 1, 2008

Related CR Transmittal #: R1584CP | Implementation Date: October 6, 2008

Clinical Laboratory Fee Schedule—Medicare Travel Allowance Fees for Collection of Specimens

Provider Types Affected

Clinical laboratories submitting claims to Medicare contractors (carriers, Fiscal Intermediaries (FIs), and/or Part A/B Medicare Administrative Contractors (A/B MACs)) for clinical laboratory services provided to Medicare beneficiaries.

Provider Action Needed

STOP – Impact to You

This article is based on Change Request (CR) 6195, which **revises and clarifies payment** of travel allowances that are based on either a per mileage basis (P9603) or on a flat rate basis (P9604) for calendar year (CY) 2008. The new rates are $1.035 per mile (P9603) and $9.55 per flat-rate trip (P9604).

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CAUTION – What You Need to Know

Note that Medicare contractors will not re-process claims that were processed before the new rates were implemented unless you bring such claims to their attention.

GO – What You Need to Do

See the Background and Additional Information Sections of this article for further details regarding these changes.

Background

Medicare, under Part B, covers a specimen collection fee and travel allowance for a laboratory technician to draw a specimen from either a nursing home patient or homebound patient under Section 1833(h)(3) of the Social Security Act and payment is made based on the clinical laboratory fee schedule. (See Section 1833(h)(3) of the Social Security Act at *http://www.ssa.gov/OP_Home/ssact/title18/1833.htm* on the Internet.) Furthermore, the travel codes allow for payment of the travel allowance either on a per mileage basis (P9603) or on a flat rate per trip basis (P9604), and payment of the travel allowance is made only if a specimen collection fee is also payable.

The travel allowance is intended to cover estimated travel costs of collecting the specimen (including the laboratory technician's salary and travel expenses), and Medicare contractors have the discretion to choose:

- Either a flat rate or a mileage basis, and
- How to set each type of allowance.

The per flat rate trip basis travel allowance (P9604) is $9.55, and the per mile travel allowance (P9603) is $1.035 cents per mile and is used in situations where the average trip to the patients' homes is:

- Longer than 20 miles round trip, and
- To be pro-rated in situations where specimens are drawn or picked up from non-Medicare patients in the same trip.

As of August 1, 2008, the per mile allowance rate of $1.035 cents per mile was computed using the Federal mileage rate of $0.585 cents per mile for automobile expenses plus an additional $0.45 cents per mile to cover the technician's time and travel costs. Medicare contractors have the option of establishing a higher per

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mile rate in excess of the minimum of $1.035 cents per mile if local conditions warrant it.

Under either method (i.e., flat rate allowance or per mile travel allowance), when one trip is made for multiple specimen collections (e.g., at a nursing home), the travel payment component is prorated based on the number of specimens collected on that trip (for both Medicare and non-Medicare patients) either at the time the claim is submitted by the laboratory or when the flat rate is set by the Medicare contractor.

The following are examples to further clarify the new allowances:

Example 1: On August 2, 2008, a laboratory technician travels 60 miles round trip from a lab in a city to a remote rural location, and back to the lab to draw a single Medicare patient's blood. The total reimbursement would be *$62.10* (60 miles x *1.035* cents a mile), plus the specimen collection fee.

Example 2: On August 2, 2008, a laboratory technician travels 40 miles from the lab to a Medicare patient's home to draw blood, and then travels an additional 10 miles to a non-Medicare patient's home and then travels 30 miles to return to the lab. The total miles traveled would be 80 miles. The claim submitted would be for one half of the miles traveled or *$41.40 (40 x 1.035)*, plus the specimen collection fee.

Note: Some Medicare contractors have established local policy to pay based on a flat rate basis only.

Example 3: A laboratory technician travels from the laboratory to a single Medicare patient's home and returns to the laboratory without making any other stops. The flat rate would be calculated as follows: 2 x $9.55 for a total trip reimbursement of $19.10, plus the specimen collection fee.

Example 4: A laboratory technician travels from the laboratory to the homes of five patients to draw blood, four of the patients are Medicare patients and one is not. An additional flat rate would be charged to cover the 5 stops and the return trip to the lab (6 x $9.55 = $57.30). Each of the claims submitted would be for $11.46 ($57.30 /5 = $11.46). Since one of the patients is non-Medicare, four claims would be submitted for $11.46 each, plus the specimen collection fee for each.

Example 5: A laboratory technician travels from a laboratory to a nursing home and draws blood from 5 patients and returns to the laboratory. Four of the patients are on Medicare and one is not. The $9.55 flat rate is multiplied by two to cover the return trip to the laboratory (2 x $9.55 = $19.10) and then divided by five (1/5 of $19.10 = $3.82). Since one of the patients is non-Medicare, four claims would be submitted for $3.82 each, plus the specimen collection fee.

At no time will a laboratory be allowed to bill for more miles than are reasonable or for miles not actually traveled by the laboratory technician.

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Additional Information

To see the official instruction (CR6195) issued to your Medicare A/B MACs and carriers visit *http://www.cms.hhs.gov/Transmittals/downloads/R1584CP.pdf* on the Centers for Medicare & Medicaid Services (CMS) website.

If you have questions, please contact your Medicare A/B MAC, FI or carrier at their toll-free number which may be found at *http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip* on the CMS website.

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