Program Memorandum Intermediaries/Carriers

Department of Health & Human Services (DHHS)
Centers for Medicare & Medicaid Services (CMS)

Transmittal AB-03-021 **Date: FEBRUARY 14, 2003**

CHANGE REQUEST 2504

SUBJECT: Additional Documentation Requests (ADR) Requirements for Ordering Providers of Laboratory Services

I. GENERAL INFORMATION

A. Background: On November 23, 2001, CMS published in the **Federal Register** (66 FR 58788) a final rule regarding coverage and administrative policies for clinical diagnostic laboratory services under Medicare Part B. A committee of interested parties, including representatives from hospitals, physicians, laboratories, coding experts and CMS staff developed this rule under the Negotiated Rulemaking Act. A provision of the rule was that "if the documentation provided…does not demonstrate that the service is reasonable and necessary, CMS:

- Provides the ordering physician or nonphysician practitioner information sufficient to identify the claim being reviewed;
- Requests from the ordering physician or nonphysician practitioner those parts of a beneficiary's medical record that are relevant to the specific claim(s) being reviewed and;
- If the ordering physician or nonphysician practitioner does not supply the documentation requested, informs the entity submitting the claim(s) that the documentation has not been supplied and denies the claim."

B. Policy: The Program Integrity Manual (PIM) (Chapter 3, §4.1) outlines the processes that contractors must follow in processing claims where the contractor makes an ADR for services other than lab services. We intend to issue instructions in the PIM shortly to detail the ADR processes contractors must follow for all clinical diagnostic laboratory services, where no shared system changes are required. The PIM will instruct contractors to implement a process for soliciting additional documentation from the billing provider, and under certain circumstances, from the ordering provider. All contractors should be able to implement that process without changes to the shared system, with the exception of those utilizing MCS.

This Program Memorandum (PM) instructs MCS to create a mechanism to send an ADR to the ordering physician or nonphysician practitioner after the ADR cycle is complete for the billing provider. This will enable those contractors currently unable to implement the provisions of the revised ADR process related to requesting additional documentation of the ordering provider (to be detailed in the PIM shortly) to do so.

II. BUSINESS REQUIREMENTS

Claims Processing Requirements: The MCS shared systems must be modified to allow a contractor to track and send an ADR to the ordering provider after receiving claims from a billing provider for laboratory services.

Requirement #	Requirements	Responsibility
1	Create a mechanism in the shared system to send an ADR to the ordering provider, and allow 45 days for the receipt of the requested documentation, after soliciting additional documentation from the billing provider.	MCS Shared System

III. POSSIBLE DESIGN CONSIDERATIONS AND SUPPORTING INFORMATION

A. Other Instructions:

X-Ref Requirement #	Instructions
1	Laboratory providers will be required by contractors to supply information sufficient to identify the ordering provider along with the claim. If this information is not present, contractors adjudicate the claim based only on the documentation received and deny or downcode as appropriate.

B. Design Considerations

X-Ref Requirement #	Recommendation for Medicare System Requirements
1	Instead of a denial after an initial ADR, contractors need to solicit additional documentation from the ordering provider, if the contractor needs that additional information to make a determination on a claim.

C. Contractor Financial Reporting /Workload Impact

X-Ref Requirement #	Recommendation for Medicare System Requirements
1	This was agreed upon during Negotiated Rulemaking. This will change the process for some contractors, which currently ask the billing provider and ordering physician for additional documentation simultaneously. Laboratories may still ask the ordering physician for any appropriate documentation they need to respond to the initial ADR. Thus, the ordering physician could, in some instances, receive requests for documentation from both the laboratory and the Medicare contractor.

D. Contractor Financial Reporting /Workload Impact: Contractors must account for any increase or decrease in workload by adjusting their medical review (MR) strategy accordingly.

E. Dependencies: This PM will be followed by another PM in the near future, which requires contractors to implement the laboratory final rule provision described above to the extent possible.

F. Education: The information in this PM must appear in your next regularly scheduled bulletin. In addition, this information, or a link to this information must appear on your Web site within 2 weeks from the date of issuance of this PM.

Version: **Implementation Date: July 1, 2003** **Discard Date: July 1, 2004** **Post-Implementation Contact: Dan Schwartz at dschwartz2@cms.hhs.gov**	**Effective Date: July 1, 2003** **The HPBSS standard system and associated carriers are waived from implementing this CR due to their upcoming transition to the MCS system. Carriers are required to implement the CR once they transition to MCS.** **Funding: These instructions should be implemented within your current operating budget.** **Pre-Implementation Contact: Dan Schwartz at dschwartz2@cms.hhs.gov**