

May 15, 2018

HFS Issues Clarification on Modifier 90 for Reference Labs

On May 7, 2018, the Illinois Department of Healthcare and Family Services (HFS) issued a [Provider Notice](#) that clarifies a new requirement for hospitals to report Modifier 90 on certain outpatient claims for reference laboratory services, describes application of the policy to Medicaid Managed Care Organization (MCO) and Medicare crossover claims and announces a new implementation date of June 1, 2018.

Background

A February 13, 2018 [HFS Provider Notice](#) announced a new requirement for hospitals billing fee-for-service (FFS) on the HFS 2360/837P claim to identify outpatient lab services performed at a reference laboratory by reporting Modifier 90 in conjunction with the appropriate procedure code, effective for dates of service on and after March 1, 2018. This instruction generated a number of questions from member hospitals on implementation of the Modifier 90 requirement, which IHA's Patient Financial Services (PFS) staff subsequently worked with HFS' Non-Institutional Providers (NIPs) Unit to address.

Hospital Outpatient Laboratory Services (Non-APL)

When there is no service billable on the UB-04, a hospital may submit fee-for-service (FFS) charges under its FFS NPI for laboratory services. These services are reimbursed under the FFS methodology ([Practitioner Handbook](#), Section 202-1.4).

- **Reference Laboratory Services** – The Modifier 90 billing requirement does not apply to institutional HFS UB-04/837I claim forms. The requirement is only applicable to reference lab services billed FFS using the HFS 2360/837P claim forms. For services sent to a reference lab, hospitals must report Modifier 90 on all applicable CPT codes to identify that the test is being processed by a reference lab. Hospitals are ONLY allowed to bill globally for laboratory services sent to a reference lab. For those hospitals billing “globally,” HFS expects that all services are performed by reference lab staff (i.e., professional interpretation of pathology exams).
- **Hospital Laboratory Services** – As a reminder, a hospital may bill FFS for the technical component of outpatient laboratory services under its name and NPI. The hospital should bill using its FFS NPI, reporting the appropriate CPT code (TC modifier only) on the HFS 2360/837P claim form. Under the FFS methodology ONLY, a professional component can also be billed for a salaried physician; however, the charges must be submitted on a separate HFS 2360/837P claim, using the salaried practitioner's (e.g., pathologist's name/NPI (26 modifier only), independent from the technical lab charges billed under the hospital's FFS NPI. As a result, hospitals must submit split HFS 2360/837P claim forms to appropriately represent a technical and professional charge for the same lab encounter when billing under the FFS methodology.

Note: If the professional component is performed by a non-salaried physician (i.e., a non-salaried pathologist), he/she would submit an independent claim under his/her name/NPI on the HFS 2360/837P claim.

Medicare Crossover/Medicaid Managed Care Claims

The requirement to apply Modifier 90 to reference lab services is applicable to claims for patients in a HealthChoice Illinois MCO, as well as traditional Medicaid. Please note that Modifier 90 is not required on Medicare crossover claims.

Additional Information

We appreciate HFS issuing these clarifying instructions and extending the implementation deadline from March 1, 2018 to June 1, 2018 to allow hospitals and the Medicaid MCOs sufficient time to update their claims processing systems.

In addition to the information in this memorandum, IHA's PFS program staff worked collaboratively with the NIPs Unit to clarify the policies outlined in the [Provider Handbooks](#) on hospital FFS billing of the technical and professional components of laboratory services. This information was shared with hospitals that participate in the fee-based PFS program earlier this year. For additional information on the PFS program, and its Committee on PFS, or for questions regarding this notice, please contact [Helena Lefkow](#), Senior Director, PFS.

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