

## Chapter 1

## Section 13

### Laboratory Services

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Revision:

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#### 1.0 APPLICABILITY

This policy is mandatory for reimbursement of services provided by either network or non-network providers. However, alternative network reimbursement methodologies are permitted when approved by the Defense Health Agency (DHA) and specifically included in the network provider agreement.

#### 2.0 ISSUE

How are laboratory services to be reimbursed?

#### 3.0 POLICY

**3.1** For purposes of the instructions that follow, a diagnostic laboratory test, whether performed in a physician's office, in an independent laboratory, or in another laboratory, is to be treated by the contractor as a laboratory service. The term "another laboratory", refers to such examples as a reference laboratory that performs services only for other laboratories, or a hospital laboratory functioning as an independent laboratory. Also, when physicians and approved laboratories perform the same test, whether manually or with automated equipment, the services will be deemed similar and the respective charges of all physicians and approved laboratories for that test must be commingled in the computation of the prevailing charge in the state for the test.

#### 3.2 Determining Prevailing Charges for Single Laboratory Tests.

**3.2.1** No distinction should generally be made in determining allowable charges for laboratory services between (a) the sites where the service is performed, i.e., physicians' offices or other laboratories; or (b) the methods of the testing process used, whether manual or automated.

**3.2.2** Therefore, when only one test is performed for a patient, the prevailing charge for the single laboratory test shall be derived from the charges (weighted by frequency) of both the physicians and other laboratories that perform the test in the state, including tests performed manually or with automated equipment. The automated equipment charges to be used are those for a single test that is not performed as part of a battery of tests. The charges of physicians include charges for tests performed in their own offices as well as charges billed for tests performed by other laboratories. The

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charges of other laboratories include only those charges billed to the general public but not to physicians.

**3.3** Refer to [Chapter 15, Section 1](#) for reimbursement requirements for laboratory services provided by a Critical Access Hospital (CAH).

**4.0 EXCEPTION**

Effective October 1, 2008, Current Procedural Terminology (CPT) procedure codes 81000 through 81003 (urinalysis), shall be separately reimbursed when billed with an Evaluation and Management (E/M) CPT code, rather than subject to any claims auditing software edit. Payment is the lesser of the billed charge, the negotiated rate, or the CHAMPUS Maximum Allowable Charge (CMAC).

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