

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 1524</b>	<b>Date: May 30, 2008</b>
	<b>Change Request 5996</b>

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

**I. SUMMARY OF CHANGES:** This instruction updates the Medicare travel allowance fees for collection of specimens for CY 2008. The Recurring Update Notification (RUN) applies to Chapter 16, Section 60.2. Subsequent updated travel allowance amounts will be issued by CMS via a RUN on an annual basis.

**NEW / REVISED MATERIAL**

**EFFECTIVE DATE: \*January 1, 2008**

**IMPLEMENTATION DATE: June 30, 2008**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
R	16/60/60.2/Travel Allowance

**III. FUNDING:**

**SECTION A: For Fiscal Intermediaries and Carriers:**

No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

**SECTION B: For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

#### **IV. ATTACHMENTS:**

**Manual Instruction**

**Recurring Update Notification**

*\*Unless otherwise specified, the effective date is the date of service.*

# Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 1524	Date: May 30, 2008	Change Request: 5996
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**SUBJECT: Clinical Laboratory Fee Schedule—Medicare Travel Allowance Fees for Collection of Specimens**

**EFFECTIVE DATE:** January 1, 2008

**IMPLEMENTATION DATE:** June 30, 2008

## I. GENERAL INFORMATION

**Background:** This change request is to clarify payment of travel allowances, either on a per mileage basis (P9603) or on a flat rate basis (P9604) for CY 2008.

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 Act and payment is made based on the clinical laboratory fee schedule.

**Policy:** Travel Allowance—The travel codes allow for payment either on a per mileage basis (P9603) or on a flat rate per trip basis (P9604). Payment of the travel allowance is made only if a specimen collection fee is also payable. The travel allowance is intended to cover the estimated travel costs of collecting a specimen including the laboratory technician's salary and travel expenses. Contractor discretion allows the contractor to choose either a mileage basis or a flat rate, and how to set each type of allowance. Because of audit evidence that some laboratories abused the per mileage fee basis by claiming travel mileage in excess of the minimum distance necessary for a laboratory technician to travel for specimen collection, many contractors established local policy to pay based on a flat rate basis only.

Under either method, 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 contractor.

**Per Mile Travel Allowance (P9603)**—The per mile travel allowance is to be used in situations where the average trip to the patients' homes is longer than 20 miles round trip, and is to be pro-rated in situations where specimens are drawn from non-Medicare patients in the same trip.

The allowance per mile was computed using the Federal mileage rate of \$0.505 per mile plus an additional \$0.45 per mile to cover the technician's time and travel costs. Contractors have the option of establishing a higher per mile rate in excess of the minimum \$0.955 cents per mile if local conditions warrant it. The minimum mileage rate will be reviewed and updated in conjunction with the clinical laboratory fee schedule as needed. At no time will the laboratory be allowed to bill for more miles than are reasonable or for miles that are not actually traveled by the laboratory technician.

**Per Flat-Rate Trip Basis Travel Allowance (P9604)**—The per flat-rate trip basis travel allowance is \$9.55.

The standard mileage rate for business used here is based on a study of the fixed and variable costs of operating an automobile. This study is conducted on an annual basis for the Internal Revenue Service (IRS).

## II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B  M A C	D M  M A C	F I  I E R	C A R I E R	R H I  S S	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
5996.1	Contractors shall use the CY 2008 Travel Allowance for determining payment on a per mileage basis (P9603) or on a flat rate per trip basis (P9604) where applicable under Section 1833(h)(3) of the Act.	X		X	X						
5996.2	Payment for code P9603, where the average trip to the patients' homes exceeds 20 miles round trip, shall be \$0.505 per mile, plus an additional \$0.45 per mile to cover the technician's time and travel costs, for a total of \$0.955 per mile.	X		X	X						
5996.3	Contractors have the option of establishing a higher per mile rate for code P9603, in excess of the minimum \$0.955 per mile, if local conditions warrant it.	X		X	X						
5996.4	Payment for code P9604 shall be for a flat-rate trip basis travel allowance of \$9.55.	X		X	X						
5996.5	Contractors shall not search and adjust claims that have already been processed unless brought to their attention.	X		X	X						

## III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B  M A C	D M  M A C	F I  I E R	C A R I E R	R H I  S S	Shared-System Maintainers				OTH ER
							F I S S	M C S	V M S	C W F	
5996.6	A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/MLNMattersArticles/">http://www.cms.hhs.gov/MLNMattersArticles/</a> shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv.	X		X	X						

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A D B M A C	D M E M A C	F I R E R	C A R E R	R H I S S	Shared-System Maintainers				OTH ER
						F I S S	M C S	V M S	C W F		
	Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.										

#### IV. SUPPORTING INFORMATION

**Section A: For any recommendations and supporting information associated with listed requirements, use the box below:**

*Use "Should" to denote a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information:
N/A	

**Section B: For all other recommendations and supporting information, use this space:**

#### V. CONTACTS

**Pre-Implementation Contact(s):** Glenn McGuirk, [glenn.mcguirk@cms.hhs.gov](mailto:glenn.mcguirk@cms.hhs.gov)

**Post-Implementation Contact(s):** Glenn McGuirk, [glenn.mcguirk@cms.hhs.gov](mailto:glenn.mcguirk@cms.hhs.gov)

#### VI. FUNDING

**Section A: For *Fiscal Intermediaries (FIs), Carriers and Regional Home Health Carriers (RHHs)*, use the following statement:**

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

**Section B: For *Medicare Administrative Contractors (MACs)*, use the following statement:**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically

authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

## **60.2 - Travel Allowance**

*(Rev.1524, Issued: 05-30-08, Effective: 01-01-08, Implementation: 06-30-08)*

In addition to a specimen collection fee allowed under §60.1, 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 §1833(h)(3) of the Act and payment is made based on the clinical laboratory fee schedule. The travel allowance is intended to cover the estimated travel costs of collecting a specimen and to reflect the technician's salary and travel costs.

The additional allowance can be made only where a specimen collection fee is also payable, i.e., no travel allowance is made where the technician merely performs a messenger service to pick up a specimen drawn by a physician or nursing home personnel. The travel allowance may not be paid to a physician unless the trip to the home, or to the nursing home was solely for the purpose of drawing a specimen. Otherwise travel costs are considered to be associated with the other purposes of the trip.

The travel allowance is not distributed by CMS. Instead, the carrier must calculate the travel allowance for each claim using the following rules for the particular Code. The following HCPCS codes are used for travel allowances:

### **Per Mile Travel Allowance (P9603)**

- The minimum "per mile travel allowance" is **95.5** cents. The per mile travel allowance is to be used in situations where the average trip to patients' homes is longer than 20 miles round trip, and is to be pro-rated in situations where specimens are drawn or picked up from non-Medicare patients in the same trip. - one way, in connection with medically necessary laboratory specimen collection drawn from homebound or nursing home bound patient; prorated miles actually traveled (carrier allowance on per mile basis); or
- The per mile allowance was computed using the Federal mileage rate plus an additional 45 cents a mile to cover the technician's time and travel costs. Contractors have the option of establishing a higher per mile rate in excess of the minimum (**95.5** cents a mile in CY **2008**) if local conditions warrant it. The minimum mileage rate will be reviewed and updated in conjunction with the clinical lab fee schedule as needed. At no time will the laboratory be allowed to bill for more miles than are reasonable or for miles not actually traveled by the laboratory technician.

**Example 1:** In CY **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 \$57.30 (60 miles x **.955** cents a mile), plus the specimen collection fee.

**Example 2:** In CY **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  $\$38.20 (40 \times .955)$ , plus the specimen collection fee.

### **Flat Rate (P9604)**

The CMS will pay a minimum of  $\$9.55$  one way flat rate travel allowance. The flat rate travel allowance is to be used in areas where average trips are less than 20 miles round trip. The flat rate travel fee is to be pro-rated for more than one blood drawn at the same address, and for stops at the homes of Medicare and non-Medicare patients. The laboratory does the pro-ration when the claim is submitted based on the number of patients seen on that trip. The specimen collection fee will be paid for each patient encounter.

This rate is based on an assumption that a trip is an average of 15 minutes and up to 10 miles one way. It uses the Federal mileage rate and a laboratory technician's time of  $\$17.66$  an hour, including overhead. Contractors have the option of establishing a flat rate in excess of the minimum of  $\$9.55$ , if local conditions warrant it. The minimum national flat rate will be reviewed and updated in conjunction with the clinical laboratory fee schedule, as necessitated by adjustments in the Federal travel allowance and salaries.

### **The claimant identifies round trip travel by use of the LR modifier**

**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:  $2 \times \$9.55$  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 ( $6 \times \$9.55 = \$57.30$ ). 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 ( $2 \times \$9.55 = \$19.10$ ) 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.

If a carrier determines that it results in equitable payment, the carrier may extend the former payment allowances for additional travel (such as to a distant rural nursing home) to all circumstances where travel is required. This might be appropriate, for example, if the carrier's former payment allowance was on a per mile basis. Otherwise, it should establish an appropriate allowance and inform the suppliers in its service area. If a carrier



decides to establish a new allowance, one method is to consider developing a travel allowance consisting of:

- The current Federal mileage allowance for operating personal automobiles, plus a personnel allowance per mile to cover personnel costs based upon an estimate of average hourly wages and average driving speed.

Carriers must prorate travel allowance amounts claimed by suppliers by the number of patients (including Medicare and non-Medicare patients) from whom specimens were drawn on a given trip.

The carrier may determine that payment in addition to the routine travel allowance determined under this section is appropriate if:

- The patient from whom the specimen must be collected is in a nursing home or is homebound; and
- The clinical laboratory tests are needed on an emergency basis outside the general business hours of the laboratory making the collection.

*Subsequent updated travel allowance amounts will be issued by CMS via a Recurring Update Notification on an annual basis.*