

TO: Chief Executive Officer - Hospitals

SUBJECT: Hospital Outpatient Laboratory/Pathology Services Reimbursement

EFFECTIVE: For services on and after September 1, 1992

PURPOSE: To notify hospitals (general, special, rehabilitative and private psychiatric) of a change in reimbursement for outpatient laboratory/pathology services by the New Jersey Medicaid program.

BACKGROUND: The Medicare Part A file originally was used by the New Jersey Medicaid program for reimbursement of hospital outpatient laboratory/pathology services provided to Medicaid recipients. The New Jersey Medicaid program has changed the reimbursement methodology and is now utilizing a new fee schedule for these outpatient laboratory/pathology services. The purpose of this change is to reimburse hospitals for most outpatient laboratory/pathology services in amounts comparable to the amounts reimbursed for the same services provided to Medicaid recipients in independent clinical laboratories. There are specific HCPCS procedure codes which will continue to be subject to the cost-to-charge ratio designated by the abbreviation S.C.C. in the maximum fee allowance schedule.

ACTION: The Hospital Outpatient Laboratory Services, Subchapter 4, (10:52-4), HCFA Common Procedure Coding System (HCPCS) adopted in the New Jersey Register, August 17, 1992, (CITE 24 N.J.R. 2898 (a)) is enclosed. It includes in section 10:52-4.2, those HCPCS procedure codes and maximum fee allowance schedule which must be used by hospitals for billing outpatient laboratory/pathology services provided to Medicaid recipients.

THE ENCLOSURE IS FOR YOUR REFERENCE AND SHOULD BE RETAINED WITH THE FISCAL AGENT BILLING SUPPLEMENT, MEDICAID ALERTS AND MEDICAID NEWSLETTERS.

For further information, please contact Phyllis Valeri-Bruschini, Laboratory Consultant, Office of the Medical Director, Division of Medical Assistance and Health Services, 609-588-2721 or Jeffrey Campbell, Institutional and Provider Reimbursement, 609-588-2691.

RECOMMENDED DISTRIBUTION: ACCOUNTING AND LABORATORY SERVICES ADMINISTRATION