



PAYMENT POLICY

LABORATORY

Scope

This policy applies to:

☒ Kaiser Permanente
Health Plan of
Washington

☒ Kaiser Permanente
Health Plan of Washington
Options, Inc.

☒ Commercial

☒ Medicare

☐ Medicaid

Policy

Original Effective Date: 08/30/2022

Claims processed by Kaiser Foundation Health Plan of Washington and Kaiser Foundation Health Plan of Washington Options; Inc. (Kaiser Permanente) will include, but are not limited to, the following criteria when processing laboratory claims.

PROFESSIONAL COMPONENT

A Professional Component will not be reimbursed when a diagnostic laboratory service is provided either manually or with automated equipment, as these codes are not subject to the Professional Component/Technical Component (PC/TC) concept or are Technical Component only codes. Kaiser Permanente follows CMS's PC/TC indicators in determining which services do not qualify for Professional Component reimbursement:

- CMS PC/TC Indicator 3 (Technical Component Only Codes)
- CMS PC/TC Indicator 9 (PC/TC Concept Not Applicable)

For laboratory/pathology claims, the requesting physician must supply the initial diagnosis. For lab services interpreted by a physician/pathologist, the physician/pathologist is responsible for correcting that diagnosis, if necessary, when the final results of the test are available. The final diagnosis should be billed on the claim.

MODIFIER 90

Laboratory claims billed with Modifier 90 will be denied when submitted by a provider other than an independent lab.

Laboratory claims will be denied when the claim has already been paid and a second claim for the same procedure by the same or different provider on the same date of service with or without Modifier 90 is received.

Billing/Coding Guidelines

All claims must be billed according to Centers for Medicare & Medicaid Services (CMS) guidelines.

Policy Definitions

Modifier 90 - When laboratory procedures are performed by a party other than the treating or reporting physician or other qualified health care professional, the procedure may be identified by adding Modifier 90 to the usual procedure number.

Duplicate - A claim an insurance carrier is unable to process due to a claim previously submitted by the same provider for the same service on the same date of service

Place of Service 81 – A laboratory certified to perform diagnostic and/or clinical tests independent of an institution or a physician's office

Independent Laboratory – An independent laboratory is one that is independent both of an attending or consulting physician's office and of a hospital that meets at least the requirements to qualify as an emergency hospital as defined in §1861(e) of the Social Security Act (See the Medicare Benefits Policy Manual, Chapter 15, for detailed discussion)

Prerequisite(s)

Not Applicable

References

[Medicare Claims Processing Manual](#) – Chapter 16 – Laboratory Services – 50.1 Referring Laboratories

[CMS Manual System](#) – Pub. 100-4 Medicare Claims Processing

[Modifier 90](#) – Referred Tests

[Code Editing](#) payment policy

Frequently Asked Questions

Not Applicable

Revision History

04/01/2023 – Added Modifier 90

10/20/2022 – New policy – Created laboratory payment policy to capture all laboratory related policies

Note: This information is intended to serve only as a general reference resource regarding reimbursement policy for the services described and is not intended to address every aspect of a reimbursement situation. Accordingly, we may use reasonable discretion in interpreting and applying this policy to services being delivered in a particular case. Further, the policy does not cover all issues related to reimbursement for services rendered to our enrollees as legislative mandates, the provider contracts, the enrollee's benefit coverage documents, and the Provider Manual all may supplement or in some cases supersede this policy. This policy may be modified from time to time by publishing a new version of the policy on Kaiser Permanente provider website; however, the information presented in this policy is believed to be accurate and current as of the date of publication.