Welcome to the Laboratory Billing Decision Tool

Acknowledgements

The Laboratory Billing Decision Tool was developed by the Sexual Health & Reproductive Health Promotion Training & Technical Assistance Center (SHRP-TTAC) for Regions VII and VIII, which is managed by JSI Research & Training Institute, Inc./Denver. It was produced through a cooperative agreement with the Centers for Disease Control and Prevention (CDC) Division of STD Prevention (DSTDP). *Thank you to all who contributed:*

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Other Regional STDRHPTTACs:
- JSI Research & Training Institute, Inc./Boston
- Cardea
- Cicatelli Associates
- Access Matters
- Health Care Education and Training

Other Organizations:
- Association of Public Health Laboratories
- Family Planning National Training Centers
- Florida Bureau of Public Health Laboratories
- LabPoint
- Michigan Bureau of Laboratories
- National Assoc. of City and County Health Officials
- National Coalition of STD Directors
- Oregon State Public Health Laboratory
- South Dakota Public Health Laboratory
- State Hygienic Lab at The University of Iowa
- Utah Public Health Laboratory
- Washington State Department of Health
- Wisconsin State Laboratory of Hygiene

Navigation Tip: **Use ALT+tab (hold ALT and press tab) to toggle from this presentation to other open programs, files, or browser windows.**

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Public Health Labs – A New Way of Doing Business

The Patient Protection and Affordable Care Act (ACA) puts more burdens on public health laboratories (PHLs) to recover costs by billing third-party payers (providers, Medicaid/Medicare, and private insurances). To accomplish this, PHLs may need to consider:

> ➢ Hiring and training additional personnel;
> ➢ Becoming experts with laboratory coding (CPT, ICD-9/10, etc.);
> ➢ Establishing electronic billing and accounting systems;
> ➢ Addressing the legality of billing in their particular jurisdictions;
> ➢ Using sound cost accounting determinations; and
> ➢ Addressing many other issues.

How This Tool Can Help

The intent of this tool is to provide an introduction to and guidance for billing, coding, and reimbursement for PHLs that are either not currently billing third-party payers at all or not billing them proficiently. Users are directed to resources targeted to each specific billing challenge. It is a "living" tool—we will be periodically adding and updating information and resources .

If after using this tool you find that you need direct technical assistance, the JSI SHRP-TTAC is happy to assist – contact us at shrpttac@jsi.com.

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Third-Party Billing, Step by Step

Click each arrow to reveal information about each step. Click the arrow again to re-hide the info box.

Step 5. Bill private insurance companies.

The final step will be to use knowledge and infrastructure developed toward billing Medicaid to then bill testing to

Step 4. Add Medicaid as a billed customer.

First priority will be to gain the ability to bill testing to Medicaid. This may require modifying test requisition forms to gather insurance/Medicaid information, and may require the development of additional database fields and functions to track and store this information. Depending on state regulations, PHLs may need to get

Step 1. Assign a value to every test.

Labs and clinics will need to establish a value for each of the tests they provide, and compare the real cost to the billed cost. This requires:

➢ Determining what the real cost is for each test;
➢ Comparing the real cost to what they actually bill for it (if they are billing); and
➢ Identifying how the real cost is offset by other funding sources (if it is)

It would be good in most instances to have a standard formula that will not only incorporate reagent, equipment, and man-hour costs, but also take overhead into account. PHLs can then incorporate these dollar amounts into their invoices; and even if they are not yet charging for every test, they can provide customers with a quantitative dollar figure of the amount of testing performed for them. This is the first step in promoting the value that the PHL brings to each community and state.

Step 2. Generate an invoice for every customer.

Both clinics and PHLs will need to develop a database query and associated report which can serve as an invoice for customers. This could be manually generated at first, but eventually should be automatically generated and sent to each customer at regular intervals. Even if not all tests are charged or have a price associated, customers can at least receive a list of services/testing provided.
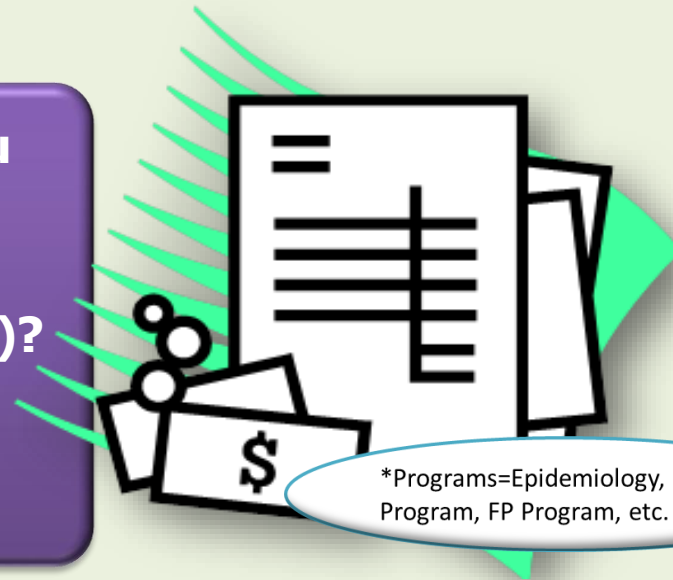
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Which revenue sources are you currently billing?

- ❖ **Programs*?**
- ❖ **Medicaid/Medicare (CMS)?**
- ❖ **Private Insurances?**

Click each one that applies:

*Programs=Epidemiology, STD Program, FP Program, etc.

We are able to bill all revenue sources.

We are able to bill at least 1 revenue source.

We are not able to bill anyone.

Where do the funds go?

Funds go to Dedicated Lab Account

Funds go to General Fund

Having funds go directly to a Dedicated Lab Account is the "gold standard."

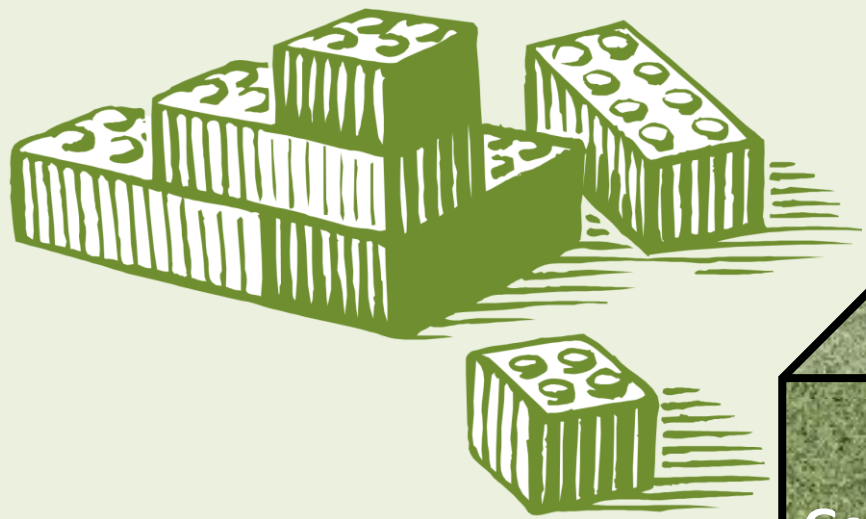No further steps are required.

Done!

Will you be a resource?

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Having funds go to a General Fund is a good start, but having them go to a Dedicated Lab Account is the "gold standard."

Go to: Resources for Dedicated Lab Account

Resource: Dedicated Laboratory Account

"It is also typical to place revenues generated by a state program into the general fund and appropriated according to various legislative priorities. If it is not specifically prohibited by law, funds generated by PHLs should be placed in a dedicated laboratory account. It is very easy in difficult economic times to reallocate funds generated by a specific program (laboratory) and deposited into the general fund to be rerouted to various state expenditures. However, it is critical to work with lawmakers to make sure that revenues are all returned to the laboratory, ideally through a dedicated laboratory account (Retained Revenue Account - RRA) in order to provide the necessary services that will be required."

Source: Shifting to Third-Party Billing Practices for Public Health STD Services: Policy Context and Case Studies. National Coalition of STD Directors – (NCSD). 2012.

Resources:

- Case Study: *Third-Party Billing at the Oregon State Public Health Laboratory - Lessons from the Field* (prepared by Cardea Services, July 2013)

- Presentation: Michigan Bureau of Laboratories - This 2006 presentation describes the expansion and eventual creation of a regional lab system by the Michigan Department of Community Health, including billing issues and challenges.

- Online Training Series: *The Life of a Claim - Billing Essentials for Laboratories* (created by APHL and LabPoint - LabPoint partnered with APHL to create this training series on laboratory billing essentials. (free, but you must register on the site in order to watch the videos) http://training.labpoint.com/course/billing-essentials/. For this topic, see these lessons:
  - *Lesson 1: Laboratory Billing Options*
  - *Lesson 5: Revenue Cycle Management*
  - *Lesson 6: Third Party Billing*

- Case Study: Wisconsin State Lab of Hygiene (includes a chart depicting their overall billing workflow) (from APHL's 2013 joint report on the status of state public health laboratory billing capacity)
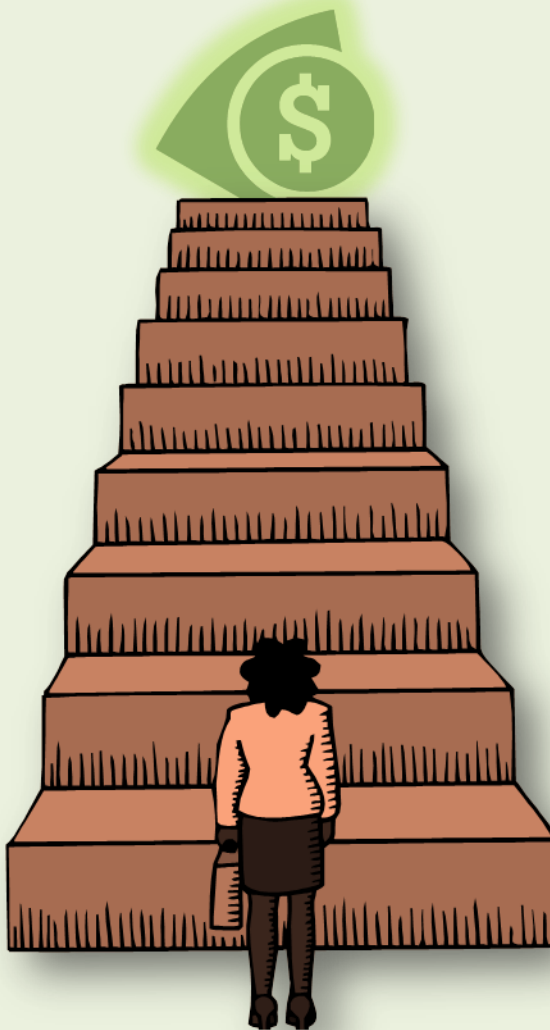
What do you think?

Do you have questions on this issue?

Do you have any information or resources to share?

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Which of these billing challenges are you experiencing?:

Choose each one that applies:

We are unsure of the cost benefit.

We are prohibited by state law, statute, rule, and/or policy.

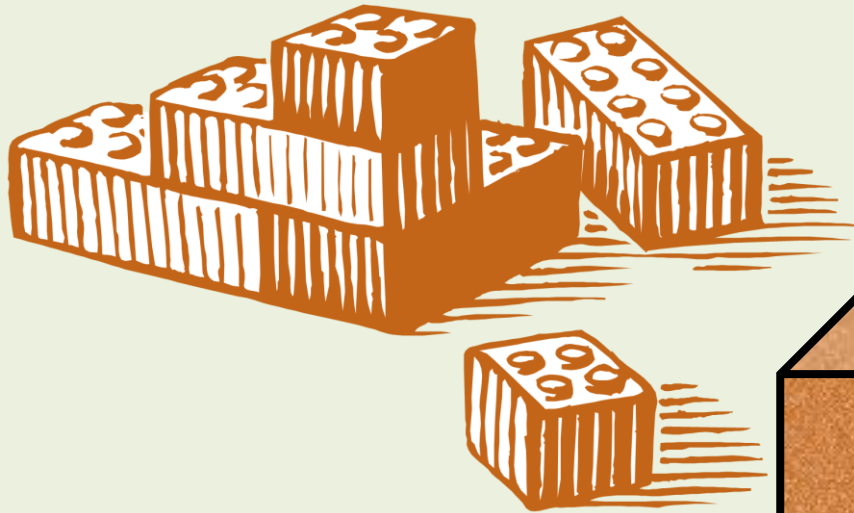We have staffing issues (FTE) - laboratory and/or administrative staff.

We lack a computer LIM system.

We don't know the appropriate billing codes to use.

Funds go to General Fund instead of a Dedicated Lab Account.

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In developing billing capacity, one of the first steps a PHL must take is determine the actual costs of tests.

Resource: Cost Analysis

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The Patient Protection and Affordable Care Act (PPACA) or "Affordable Care Act" (ACA) will put more burdens on city, county and state public health laboratories (PHL) to recover some or all of their costs. In order to accomplish these steps, laboratories may need to hire and train additional personnel; become experts with laboratory coding (CPT, ICD-9/10, etc.); establish electronic billing and accounting systems; address the legality of billing in their particular jurisdictions; use sound cost accounting determinations; and address many other issues to successfully complete this fiscal management goal. One of the first steps in this process will be for a laboratory to determine its actual costs of tests.

Resources:

- Lab Specific Cost Analysis Worksheets – These are examples of some cost accounting worksheets that have been used successfully by some public health laboratories. The worksheets have been filled out with specific examples to demonstrate the different ways they may be used.
- Presentation: Michigan Bureau of Laboratories - This 2006 presentation describes the expansion and eventual creation of a regional lab system by the Michigan Department of Community Health, including billing issues and challenges.
- Webinar series archive: Revenue Cycle Management; presented by the Family Planning National Training Centers

  Webinar 1: *Revenue Cycle Management: Before and During the Client Visit* identifies the key components of the revenue cycle management process that should take place before a client's appointment and when the client arrives. Presented on July 24, 2013.

  Webinar 2: *Revenue Cycle Management: After the Client Visit* provides a framework for the billing and collections process that takes place after the client is seen. Presented on July 24, 2013.

  Webinar 3: *Revenue Cycle Management: Contracting with Payers* guides participants through the process of negotiating fee schedules and executing contracts with third-party payers. Presented on August 29, 2013.

- Financial/Fee Policies- LHJ Cost Benefit Assessment Tool, Washington State Department of Health – This is an Excel-based guide created by the Washington State Department of Health that generates a cost-benefit analysis for billing payers for services provided at the LHJ [local health jurisdiction].
- Online Training Series: *The Life of a Claim - Billing Essentials for Laboratories* (created by APHL and LabPoint - LabPoint partnered with APHL to create this training series on laboratory billing essentials. (free, but you must register on the site in order to watch the videos) http://training.labpoint.com/course/billing-essentials/. For this topic, see *Lesson 5: Revenue Cycle Management*.

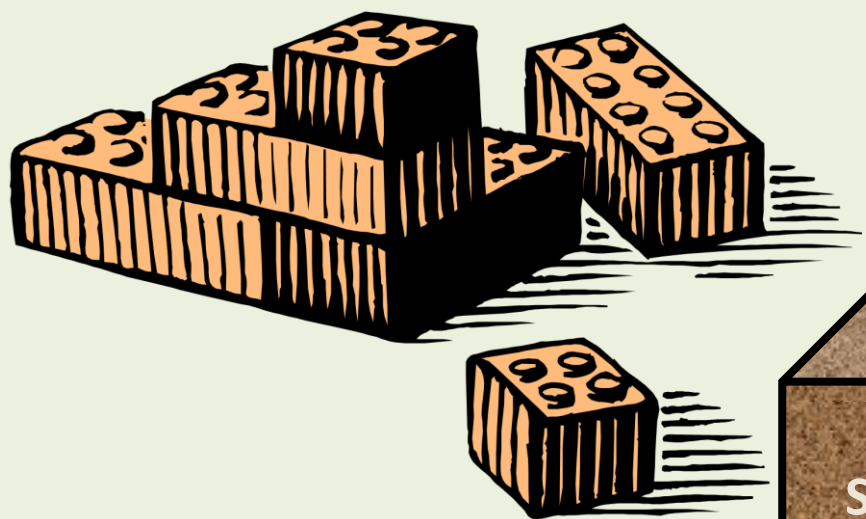Outstanding questions or issues on cost analysis

What do you think?

Do you have questions on this issue?

Do you have any information, or resources to share?

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Some PHLs are barred by legislation from billing for services. But there are ways to overcome this challenge.

Go to: Resources for Billing for Lab Tests

"Many states currently require that certain services, such as screening for sexually transmitted diseases (STD) be provided free of charge. However, depending on the wording of the specific law, rule, and/or statue it may prevent some states from billing for STD and/or other laboratory tests. Several approaches may be taken by Public Health Laboratories; e.g. First, laws, rules and statutes can be examined to see if legal interpretation may actually allow billing; and Second, if strict interpretation prevents billing, laboratories should begin working with partners to remove specific roadblocks legislatively. If it is necessary to modify or initiate existing laws, rules, and/or statues, the issue of confidentiality of services should also be addressed."

Source: Shifting to Third-Party Billing Practices for Public Health STD Services: Policy Context and Case Studies. National Coalition of STD Directors – (NCSD). 2012.

Resources:

- Report: *The Affordable Care Act and Health Care Market Reforms: Implications for Public Health Laboratories - An Iowa Assessment*, July 2012
- Presentation: Michigan Bureau of Laboratories - This 2006 presentation describes the expansion and eventual creation of a regional lab system by the Michigan Department of Community Health, including billing issues and challenges.
- Presentation: APHL Annual Meeting, June 2013 - *Billing 101* - This presentation describes the findings and recommendations from the Association of Public Health Laboratories' (APHL's) joint report (2013) on the status of state public health laboratory billing capacity (see next resource).
- Report: *State Public Health Laboratory Billing: Status Report and Recommendations – Laboratory Efficiencies Initiative* (October 2013), Association of Public Health Laboratories
- Third-Party Billing and Revenue Generation: New Opportunities for STD and HIV Programs, NCSD, October 2014. This fact sheet discusses potential solutions for legislative barriers to billing third-party payers for STD testing and treatment.
- Shifting to Third-Party Billing Practices for Public Health STD Services: Policy Context and Case Studies, NCSD, October 2012. This guide serves as an introduction to what providers need to consider as they approach the decisions surrounding third-party billing.

Resources (continued):

- Case Studies - Examples of Successful Public Health Laboratory Billing Practices and Processes.
  - *Third-Party Billing at the Oregon State Public Health Laboratory - Lessons from the Field* (prepared by Cardea Services, July 2013)
- These case studies are excerpted from APHL's joint report (2013) on the status of state public health laboratory billing capacity. The case studies from this report describe practices and processes that work well and those that don't work well.
  - Wisconsin State Lab of Hygiene (includes a chart depicting their overall billing workflow)
  - South Dakota Public Health Laboratory
  - Florida Bureau of Laboratories
- Online Training Series: *The Life of a Claim - Billing Essentials for Laboratories* (created by APHL and LabPoint - LabPoint partnered with APHL to create this training series on laboratory billing essentials. (free, but you must register on the site in order to watch the videos) http://training.labpoint.com/course/billing-essentials/ For this topic, see these lessons:
  - *Lesson 1: Laboratory Billing Options*
  - *Lesson 5: Revenue Cycle Management*
  - *Lesson 6: Third Party Billing*
  - *Lesson 7: Life of a Claim*

Billing for Lab Tests
Outstanding Questions & Issues

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? **Do labs need to be accredited and lab staff credentialed in order for the lab to bill?**

Laboratories have to be CLIA accredited or have deemed status accreditation (i.e., College of American Pathologists (CAP), The Joint Commission (TJC), COLA) in order to bill, and they need to apply and be approved as a provider (i.e., Medicaid, Medicare, Blue Cross/Blue Shield, other third-party payers, etc.). For the public health laboratories in Montana and North Dakota, CLIA accreditation is contingent upon having medical laboratory personnel (scientists, specialists, and technicians) who are licensed and credentialed. In the other 10 states in Regions 7 and 8 without licensure for their medical laboratory personnel, the personnel do not have to be credentialed for the lab to receive CLIA accreditation.

? **What's most cost/resource effective, doing billing in house, or contracting billing tasks to an external billing service?**

Knowing about how many claims you will have to process is key to determining whether it's more cost effective to process billing in-house or to outsource it. If you need to hire a person specifically to manage the billing, it may be more cost effective to contract it out if you don't have a lot of claims.

? **How can we improve our billing efficiency?**

Billing efficiency can be achieved through either a computer-based software application (such as Healthpac) or an external claims clearinghouse. A claims clearinghouse acts as a claims aggregator of the various public and private insurances to pre-screen all of your claims for errors.
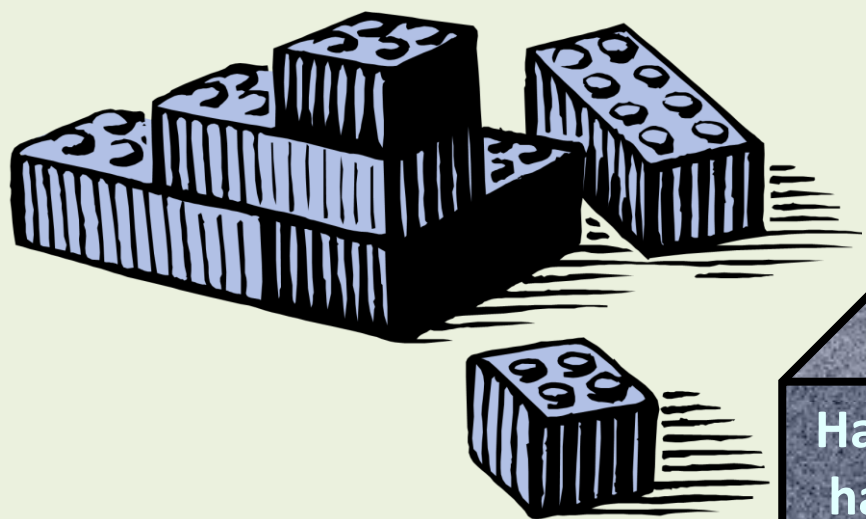
What do you think?

Do you have any solutions, information, or resources to share on this issue?

Do you have other questions or issues to add?

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Having enough staff FTEs to handle billing in house is a common challenge. Budget constraints often prevent hiring of additional FTEs to cover billing tasks.

Go to: Resources for Staffing

In most states the numbers of full-time state employees/positions (Full Time Equivalent - FTE) are approved by the respective state legislature. However, much discretion is often allowed to health departments on how those FTEs are utilized and distributed. If the Public Health Laboratory (PHL) has FTE issues that would prevent the initiation of billing, several steps could be taken to overcome this barrier. The health department could re-prioritize existing FTEs and assign them to the PHL in order to respond to the need for additional staff to support the increased demands placed on the PHL by the Affordable Care Act (ACA) relative to billing. If the health department or PHL do not have extra FTEs available, it will be necessary to begin the process of requesting additional FTEs through the normal state legislative process.

Funding for additional FTEs could be problematic in many states due to the overall condition of the economy and demands placed on many state programs with dwindling state and federal dollars. The funding to support new FTEs might be provided by the state legislature and/or the health departments until sufficient revenues are generated through the billing process to support additional FTEs.

Resources:

- Laboratory, MIS (LITS), and Billing Contacts for Regions VII & VIII
- Case Study: *Third-Party Billing at the Oregon State Public Health Laboratory - Lessons from the Field* (prepared by Cardea Services, July 2013)
- Online Training Series: *The Life of a Claim - Billing Essentials for Laboratories* (created by APHL and LabPoint - LabPoint partnered with APHL to create this training series on laboratory billing essentials. (free, but you must register on the site in order to watch the videos) http://training.labpoint.com/course/billing-essentials/. For this topic, see *Lesson 4: Staffing Considerations*.
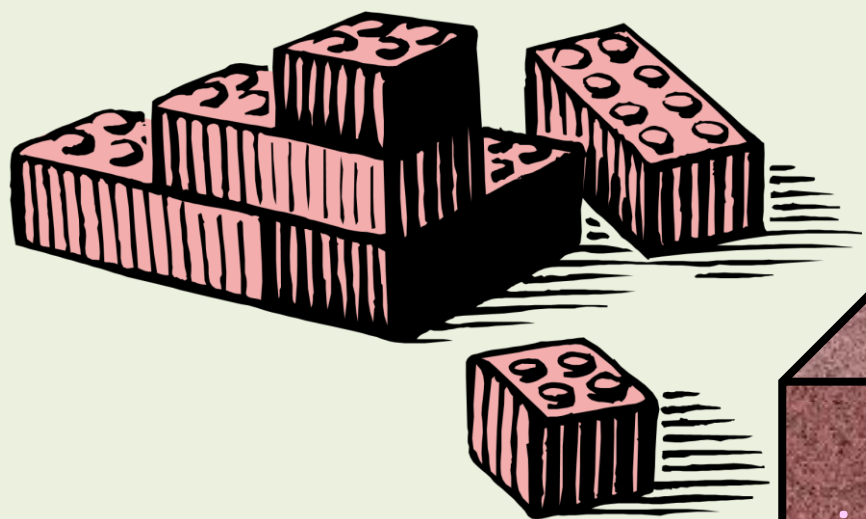
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Lack of a laboratory information management system is a significant barrier to being able to generate and submit bills.

Go to: Resources for LIM Systems for Billing

Resource: LIM Systems for Billing

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According to the 2011 Future of the IPP Report, "lack of system interface capacity was a concern particularly for public health laboratories. Extracting information from outside agencies or providing test results across systems that cannot interface is a challenge and could make providers hesitant to utilize or enter into agreements with state public health laboratories. In addition, public health laboratories may face some unique challenges associated with collecting the necessary billing information from the clients themselves. To that end, inability to interface Laboratory Information Management Systems (LIMS) in order to retrieve or send data with either providers or health departments is an inhibitive and costly barrier."

Resources:

- Presentations: These presentations, each from the June 2013 APHL Annual Meeting, describe the process, issues, and challenges these public health laboratories have faced in developing a billing system.
  - South Dakota Public Health Laboratory presentation
  - Florida Bureau of Public Health Laboratories presentation
- Online Training Series: *The Life of a Claim - Billing Essentials for Laboratories* (created by APHL and LabPoint - LabPoint partnered with APHL to create this training series on laboratory billing essentials. (free, but you must register on the site in order to watch the videos) http://training.labpoint.com/course/billing-essentials/. For this topic, see *Lesson 2: Information Systems*.

Outstanding questions or issues on
LIM Systems for Billing

? **What are the various laboratory information management systems (LIMS) being used in Regions VII and VIII public health laboratories?**

? **How do these systems either support billing or create barriers to billing?**

? **What are common issues to be aware of when choosing a LIMS to support billing?**
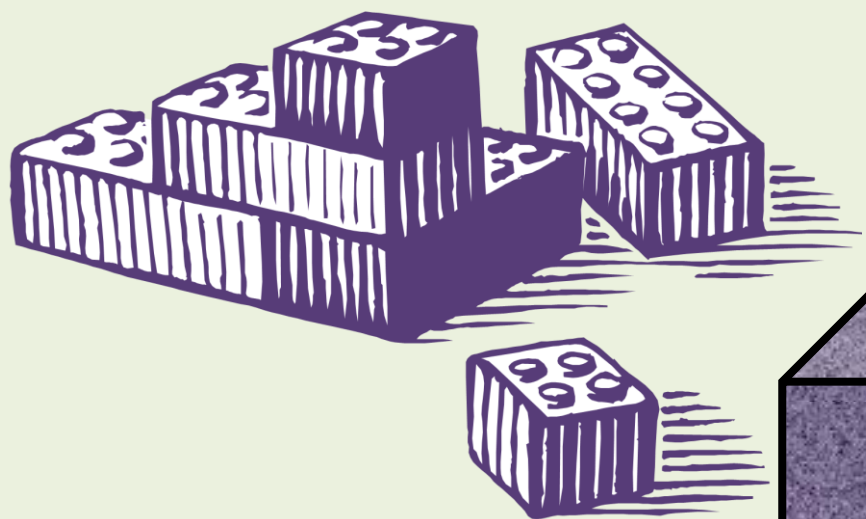
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Applying proper and accurate billing codes for services is essential to getting reimbursed.

Go to: Resources for Coding

Return to Billing Challenge Menu

Resources: ICD-9/10 Codes for Chlamydia and Gonorrhea Testing
and Medicaid Rates for Regions VII & VIII by CPT Codes for Chlamydia and Gonorrhea Testing

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ICD (International Statistical Classification of Diseases and Related Health Problems) codes are used worldwide to classify diseases and injuries. ICD-9 codes may be used for diagnostic, billing and reporting purposes. In the United States these 6-digit codes are used with the Current Procedural Terminology (CPT) code, which is for specific procedures performed in facilities. These codes can then be used to generate bills for facility reimbursement in cases where patients have health insurance or are supported by Medicaid/Medicare. In October 2015, ICD-9 will be updated with its successor codes, the ICD-10. The attached list is a list of the most commonly used ICD-9 codes for chlamydia and gonorrhea.

Resources: ICD-9/10 Codes for Chlamydia and Gonorrhea Testing

- List of ICD-9 Codes for chlamydia and gonorrhea testing
- Webinar archive: Webinar Recording: Introduction to Coding and Documentation for STD Services – This presentation from the Region I STDRHPTTAC provides an overview of coding and documentation for STD services, including a review of ICD-9/10/ diagnosis/CPT coding for common STD services, understanding coding for Evaluation and Management visits, and the use of modifiers.
- ICD10Data.com is a free 2014 ICD-10-CM and ICD-10-PCS medical coding reference site. ICD-10-CM and ICD-10-PCS are medical coding classifications that are slated to replace the highly antiquated American ICD-9-CM medical coding system - ICD-10-CM will be used for diagnosis coding and ICD-10-PCS will be used for procedural coding. It also includes a tool for easily converting ICD-9 codes to the ICD-10 equivalent code.

Resources: Medicaid Rates for Regions VII & VIII by CPT Codes for Chlamydia and Gonorrhea Testing

- List of the most commonly used CPT codes and equivalent Medicaid reimbursement rates for chlamydia and gonorrhea testing for the states within Regions VII and VIII
- State Medicaid & CHIP Policies – Visit the Medicaid.gov website for detailed information on each state's Medicaid enrollment and renewal processes; it also provides direct hyperlinks to each state's Medicaid information website.
- LabPoint partnered with APHL to create this training series on laboratory billing essentials. (free, but you must register on the site in order to watch the videos) http://training.labpoint.com/course/billing-essentials/ For this topic, see *Lesson 3: Regulatory Environment*.

What do you think?

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