

CHAMPVA POLICY MANUAL

CHAPTER: 3
SECTION: 5.12
TITLE: **LABORATORY REIMBURSEMENT (OUTPATIENT)**

AUTHORITY: 38 CFR 17.270(a) and 17.272 (a)

RELATED AUTHORITY: 32 CFR 199.14(h)(viii)

I. EFFECTIVE DATE

August 26, 1985

II. DEFINITION

A. Clinical laboratory and pathological services (including machine diagnostic tests that produce hard-copy results) are those services necessary for, and rendered in connection with, medical, obstetrical, or surgical diagnosis in the treatment of an illness or injury, or in connection with well-child care.

B. Prevailing rate refers to the rate that is equal to the maximum reasonable charge allowed for a specific laboratory procedure performed in a specific locality.

III. POLICY

A. A clinical laboratory or pathological test, whether performed in a physician's office or in an independent laboratory is considered a laboratory service.

B. Clinical laboratory or pathological charges are calculated in the same manner as allowable charges for other individual health care providers. That is, the allowable charge is the lesser of:

1. the CHAMPVA maximum allowable charge (CMAC) or the billed charge,
or

2. if there is no CMAC, the metropolitan statistical area (MSA) prevailing rate or the billed charge, or

3. if there is no CMAC, MSA, or statewide prevailing rates, the billed charge is allowed (see [Chapter 3, Section 5.1](#), *Outpatient and Inpatient Professional Provider Reimbursement*).

IV. POLICY CONSIDERATIONS

Modifiers. It is the responsibility of the provider to utilize modifiers when appropriate. The Center may audit claims post-payment to ensure the provider is billing correctly.

1. Professional component. When appropriate, modifier –26 is used with pathology and laboratory services (CPT codes 80048 to 89399). The modifier is provided by a physician or by a technologist, under the supervision of a physician. The professional component refers to the physician's time, skill, and judgment in interpreting the results of tests and procedures. If the modifier is used, payment will calculate at 40% of the CMAC.

2. Technical component (TC). When appropriate, modifier –TC is used with a pathology or laboratory service. The technical component includes such things as equipment, technician time, and supplies that are used in the performance of a laboratory procedure. If the modifier is used, payment will calculate at 60% of the CMAC.

END OF POLICY