LabsNW Compliance Guidelines for Non-technical Staff
(Patient Service, Client Service, Processors, Couriers, Etc.)

A Little History

In the late 1990's Congress was concerned that millions of dollars in healthcare costs were being wasted due to medical providers' fraud and abuse. Congress mandated that the government's Office of Inspector General (OIG) look into fraud and abuse by medical providers in the Medicare and Medicaid programs. The OIG investigated several of the large national laboratories and found many examples at some of these labs of fraudulent billing (e.g. billing Medicare for tests not performed, encouraging doctors to order unnecessary tests, etc).

As a result of their investigation, the OIG fined these labs millions of dollars, and in some cases, filed criminal charges against the responsible lab executives. The OIG recommended that all labs adopt a compliance plan to ensure their business practices are ethical, and their billing practices are accurate. As a result, LabsNW implemented a lab compliance plan in 1998. MultiCare also implemented a corporate compliance plan in 1998. As a part of the lab compliance plan, (and now a C.A.P. accreditation requirement), all lab employees are required to receive training about lab compliance. The plan requires that we audit our performance regularly to ensure we are consistently performing the details of all our jobs accurately, and correcting any problems found. We are also subject to government inspection at any time, and big fines are assessed for each instance in which we failed to accurately document orders or accurately bill for testing. So, listen up! This is important information!

This information is a **brief overview** of the LabsNW Compliance Plan, a copy of which is available at TGH and Allenmore labs, and is available online in the Red Manual). Many of these compliance policies are incorporated into specific departmental procedures used for registration, ordering, testing and billing. Please take the time to carefully review the information in this orientation overview. Compliance in the details of your job is critical to our organization. As you read this information, ask your supervisor if you have any questions, or ask the Lab Compliance Officer (403-1433). We want you to have a good understanding of what is expected of you in your duties at LabsNW.

Introduction

Laboratories Northwest believes it is in the best interests of clinicians, patients, and our laboratory that clients understand the services provided by our lab, what services will be provided when tests are ordered, and the financial consequences of ordering tests. As our frontline staff, you are in an important position to assist clients in their understandings. Together with testing and other support staff, your work represents the quality and high standards that our clients have come to expect from LabsNW. The guidelines below are intended to assist you in maintaining our high standards, particularly with regard to laboratory compliance. All LabsNW staff, particularly those that collect specimens and

accession orders, has an obligation to understand and follow LabsNW compliance and corporate compliance guidelines. Below is an orientation to lab compliance policies that affect your work.

Duties of Staff Based in a Client Office

LabsNW may assign a staff member to be based in a client's office for the purpose of collecting specimens that are referred to LabsNW. In this situation, the LabsNW staff is restricted to the collection and processing of specimens, completion of test requisitions, transport of specimens, and the printing and dissemination of reports to the client. Any deviation from these duties, or any client requests to perform other duties, must be brought to the attention of your Supervisor and/or the Laboratory Compliance Officer.

LabsNW staff should not perform any functions for a client if the specimens are not referred to LabsNW. For instance, staff should not perform specimen collections for a physician's office lab. Also, staff should not perform any clerical functions or nursing functions for a client. Any deviation from these rules may be illegal. Any questions should be directed to your Supervisor or Lab Compliance Officer.

Non-LabsNW Specimen Collections

If LabsNW staff collects a patient specimen for referral to LabsNW, it is permissible to collect an additional specimen for use at another lab. In such a situation it is for the patient's convenience so that they are not subject to multiple venipunctures. However, specimens may not be collected solely for other labs (including a physician's office lab) unless LabsNW is billing for the specimen collection.

Shared Employment Agreements

Shared employment agreements, where lab employees are paid by a client to provide services in their office, are not generally allowed. Similarly, the laboratory does not pay client office staff to provide lab services in a client office. If such offers are proposed, you may contact your Supervisor or Lab Compliance Officer to assist in declining such an offer.

Giving or Receiving Gifts

LabsNW discourages its staff from giving or receiving gifts from clients. Giving a gift could appear to be an inducement, and receiving a gift from a client could create a conflict of interest.

Modest gifts may be given or received, subject to good judgment and the boundaries of reason and moderation. Any questions should be discussed with your Supervisor or Lab Compliance Officer.

Charitable Contributions

If LabsNW staff is solicited by a client to make a contribution to a charity, any contribution should be discussed first with the Lab Compliance Officer. In general, contributions by staff to charities related to or controlled by a client are not permitted.

Contribution requests of LabsNW directly must be forwarded to the Lab Administrative Director.

Hazardous Waste

No employee should offer to transport or dispose of a client's infectious waste, or make any arrangements with a waste disposal company to handle a client's hazardous waste. Doing so may violate county infectious waste regulations as well as anti-inducement laws. If clients have questions about the handling of their infectious waste, you should contact your Supervisor or Marketing Director to assist them in gaining the information they need.

Courier Services

Client requests for LabsNW to transport items to locations not on the courier's route should be discouraged. Any such requests should be directed to your Supervisor or Marketing Director. There are situations where this is allowed, however such service cannot be provided without prior review and approval.

Professional Courtesies

LabsNW does not offer professional courtesy testing to its clients. This policy is based upon the government's position that providing free testing to clients, their family, or their staff may be considered an unlawful inducement. Any such testing must be billed directly to the patient or their insurance in conformance with normal billing practices.

Managed Care Courtesy Testing

If LabsNW receives a specimen on a patient whose insurance will not pay LabsNW for testing performed, accessioning staff should arrange to have the contracted lab pick up the specimen from LabsNW. The specimen and order should be taken to referrals and logged into the appropriate lab's courier log, and specimen placed in the appropriate pickup basket. In general, if LabsNW performs the testing, the patient is responsible for payment if the insurance organization will not pay.

Diagnosis Codes

Diagnosis codes are required for all testing billed to third party payors. The ICD9 codes should be as specific for the diagnosis as possible (up to 5 digit codes), and must be provided by the physician or the physician's designate. An ICD9 code may not be obtained from the patient. The ICD9 code is only good for a particular date of service and cannot be used again for a later date of service. LabsNW staff is not allowed to suggest a particular

ICD9 code to a client for a specific patient or test. Clinicians may provide a narrative diagnosis specific enough for LabsNW billing staff to properly code.

If no diagnosis or ICD9 code is provided, staff should contact the client's staff to obtain valid coding for the order as quickly as possible. If you are unable to obtain coding (office cannot provide, office closed, etc), tag the order for review by the appropriate billing staff.

Recording and Documenting Diagnosis Codes

Clients or their office staff designates are required by law to provide written diagnosis codes with the test order, generally on the test requisition or attached to the requisition. All requisitions should be sent to the billing office at the end of each day where the requisitions will be filed by date of service.

If a follow up call to the client office is necessary to obtain the coding, the conversation must be documented: name of person who provided the verbal ICD9 codes, date, exact coding as verbally provided, and your name or initials. This information should be attached to the original requisition.

Limited Coverage Tests and Advanced Beneficiary Notices

The Center for Medicare Services (CMS) has directed that certain tests (called Limited Coverage Tests (LCT or LMRP) require a review to determine the medical necessity of that test, and if payment will be allowed. If the carrier denies payment to the lab because of a lack of information supporting medical necessity (ICD9 codes), Medicare prohibits the lab from billing the patient unless an Advanced Beneficiary Notice (ABN) has been signed and dated by the patient prior to the test(s) being performed. This ABN identifies the test(s), the reason(s) payment is likely to be denied, ensures the patient understands their responsibility for payment if the test(s) if considered medically unnecessary by Medicare, and allows the patient to make an informed decision whether or not to receive the service and be financially responsible for the testing.

A small red dot to the right of a test on the new LabsNW test requisitions indicates a test that may require additional diagnosis codes to support being considered medically necessary by Medicare. An ABN may be obtained if any of these tests are ordered. In addition, medical necessity software may be used to aid staff in determining whether LCT tests are supported by the ICD9 codes given by the clinician. Alternatively a LabsNW LCT manual with the LCT tests and supporting ICD9 codes may be used to determine medical necessity. Either software or LCT manual will aid staff in determining if an ABN needs to be completed with the patient prior to specimen collection. The ABN form lists the LCT tests, the reason as to why Medicare may not pay for the test(s), the approximate cost of the test(s), and indicates by their signature the patient's agreement to be financially responsible for the testing if Medicare denies payment.

Ambiguous Test Orders

Reviewed 03/01/2014

An ambiguous test order is any order, verbal or written, received by the lab which does not provide sufficient information to clearly determine which test(s) should be performed. If we bill for a test the client did not intend to order, the lab could be considered to be fraudulently billing for the unintended test.

If LabsNW receives an ambiguous test order, the accessioner should contact the ordering office and clarify the order, documenting (on or attached to the requisition) who clarified the order, the new order, the date, and your name or initials. If the office is closed, the accessioner may use their best judgment as to the test ordered, and tag the order for review by the appropriate personnel the next day.

Physician Acknowledgment Letters

The laboratory is required to have a signed Physician Acknowledgment Letter (PAL) from all clients who order custom panels (panels other than the six HCFA-approved panels or disease panels). These letters are sent to the appropriate clients annually, and contain descriptions of the custom panels the clients require, as well as a description of billing for the panels, and a medical necessity reminder. Marketing staff are responsible for generating these letters, but your awareness of these letters and their importance of being signed and returned may help ensure LabsNW meets this compliance requirement.

As an alternative to PALs, test panels can be detailed on the test requisition, such that the clinician would know exactly what is in any custom panels. Also if a test reflexes to another test, this reflexing should be detailed on the requisition so the clinician is aware of the situations that will require additional testing. Providing this information on the requisition nullifies the need for a PAL for each physician.

Standing Orders

Standing orders are an acceptable way for clinicians to order tests in the future, or order tests on a regular basis without having to complete a test requisition or order each time. While standing orders are permissible, their duration is limited. Any standing order received should be dated and logged into the appropriate system for future retrieval. Standing orders over 6 months must be reviewed, confirmed, and renewed with the client in writing. Any standing order that may be over 1 year old, that has not been renewed, is not a valid order.

Patient Confidentiality

The responsibility placed upon each of us at LabsNW requires a commitment to protecting the confidentiality of patient medical information. Confidential information about any patient should never be disclosed to any unauthorized person, or any staff member without a need to know. HIPAA is a series of regulations with specific rules regarding patient confidentiality and the release of information. It is essential that staff be aware of MultiCare's HIPAA related policies when dealing with the public, with registration and insurance information, and in the delivery of any lab reports.

Reviewed 03/01/2014

Lab Compliance Hotline

In your daily routines as a member of the LabsNW team, if you have a question or concern regarding lab compliance, or you want to report a potentially improper laboratory action, you should ask your supervisor or manager first. If you are not satisfied with their response, or are uncomfortable asking, you can always call or email the Lab Compliance Officer (253-403-1433 or pfloyd@multicare.org). In addition, if you have a lab compliance question, concern, or wish to report a potentially improper action, and you would prefer anonymity, there is a Lab Compliance Hotline available to you (**253-403-3510**). All calls are confidential if you so desire.

Finally

Again, if you have any questions, or don't understand something contained in this lab compliance orientation, please ask your supervisor, manager, or contact the Lab Compliance Officer (403-1433) for clarity. It's important!

In addition to this orientation, both corporate and laboratory compliance plans require annual review of policies. These will be conducted in meetings with your department. In addition compliance questions are incorporated into the lab's annual competency assessment.

When you are finished with this orientation, please print out the next page, read, sign it, and give to your supervisor. This signature page is a record of your initial compliance review, which is also a part of the Lab Integrity Plan.

New Employee Compliance Orientation Signature Page

➢ Please read the MultiCare <u>Standards for Business Conduct Handbook,</u> detach the signature page at the end, sign, and give to your supervisor, if you have not already done so in new employee orientation.

➢ Please read and understand the LABORATORIES Northwest <u>Laboratory Integrity Plan Guidelines</u>. If you have questions, be sure to discuss them with your supervisor, manager, or the Lab Compliance Officer.

➢ Then, please sign below as a record of your review of these materials. Give this page to your supervisor.

I have reviewed the LABORATORIES Northwest <u>Lab Integrity Plan Guidelines</u>, and have discussed any questions or issues with my supervisor or manager.

Signature_____ Date_____

Print Name_____ Position_____

Lab_____

Reviewed 03/01/2014