SBMF
South Bend Medical Foundation
3355 Douglas Road, South Bend, IN 46635

Annual Notice to Physicians

South Bend Medical Foundation has developed a voluntary Compliance Program as suggested for all laboratories by the Office of Inspector General (OIG). This voluntary program addresses all areas of the laboratory with emphasis on procedure, coding, billing, medical necessity and marketing of laboratory services.

Medical Necessity
The Office of the Inspector General (OIG) has advised clinical laboratories to remind physicians (or other individuals authorized by law to order tests) that the Government and private third party payers will only pay for tests that meet the definition of "medical necessity" and may deny payment for a test that the physician believes is appropriate, such as a screening test, but which does not meet the definition of medical necessity.

We have been asked to advise physicians to only order those tests that they believe are medically necessary for the diagnosis and treatment of their patients. The OIG takes the position that a physician who orders medically unnecessary tests for which Medicare reimbursement is claimed may be subject to civil penalties.

The ordering physician must provide an ICD-9 diagnosis code, not a narrative description, if required by the Medicare administrative contractor.

Organ or disease-oriented panels should be billed to Medicare only when every component of the panel is medically necessary.

SBMF and client-customized panels should be billed to Medicare only when every component of the panel is medically necessary.

Medicare National Limitation Amounts for CPT codes are available through the Centers for Medicare and Medicaid Services (CMS) or its contractors. Medicaid reimbursement will be equal to or less than the amount of Medicare reimbursement.

Advanced Beneficiary Notification
Medicare requires a statement of diagnosis for each laboratory test ordered. Medicare may not consider certain tests, diagnoses, and frequency combinations to be medically necessary and will not reimburse for any test that is judged to lack a medically necessary diagnosis or does not conform to frequency guideline. These tests, therefore, would require that the patient sign an Advance Beneficiary Notice to indicate that he or she is responsible for the cost of the test if Medicare denies payment before the laboratory testing can be performed.