CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 3717	**Date: February 10, 2017**
	Change Request 9960

SUBJECT: Clinical Laboratory Fee Schedule – Medicare Travel Allowance Fees for Collection of Specimens

I. SUMMARY OF CHANGES: This Change Request (CR) revises the payment of travel allowances when billed on a per mileage basis using Health Care Common Procedure Coding System (HCPCS) code P9603 and when billed on a flat rate basis using HCPCS code P9604 for CY 2017.

This RUN applies to Chapter 16, section 60.2 of the IOM.

EFFECTIVE DATE: January 1, 2017
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: May 12, 2017
Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
R	16/60.2/Travel Allowance

III. FUNDING:
For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:
Recurring Update Notification

Attachment - Recurring Update Notification

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I. GENERAL INFORMATION

A. Background: This Change Request (CR) revises the payment of travel allowances when billed on a per mileage basis using Health Care Common Procedure Coding System (HCPCS) code P9603 and when billed on a flat rate basis using HCPCS code P9604 for CY 2017.

Medicare Part B, allows payment for a specimen collection fee and travel allowance, when medically necessary, for a laboratory technician to draw a specimen from either a nursing home patient or homebound patient under Section 1833(h)(3) of the Act. Payment for these services is made based on the clinical laboratory fee schedule.

This RUN applies to Chapter 16, section 60.2 of the IOM.

B. Policy: Travel Allowance – The travel codes allow for payment either on a per mileage basis (P9603) or on a flat rate per trip basis (P9604). Payment of the travel allowance is made only if a specimen collection fee is also payable. The travel allowance is intended to cover the estimated travel costs of collecting a specimen including the laboratory technician's salary and travel expenses. Contractor discretion allows the contractor to choose either a mileage basis or a flat rate, and how to set each type of allowance. Because of audit evidence that some laboratories abused the per mileage fee basis by claiming travel mileage in excess of the minimum distance necessary for a laboratory technician to travel for specimen collection, many contractors established local policy to pay based on a flat rate basis only.

Under either method, when one trip is made for multiple specimen collections (e.g., at a nursing home), the travel payment component is prorated based on the number of specimens collected on that trip, for both Medicare and non-Medicare patients, either at the time the claim is submitted by the laboratory or when the flat rate is set by the contractor.

Per Mile Travel Allowance (P9603) – The per mile travel allowance is to be used in situations where the average trip to the patients' homes is longer than 20 miles round trip, and is to be prorated in situations where specimens are drawn from non-Medicare patients in the same trip.

The allowance per mile was computed using the Federal mileage rate of $0.535 per mile plus an additional $0.45 per mile to cover the technician's time and travel costs. Contractors have the option of establishing a higher per mile rate in excess of the minimum $0.99 per mile ($0.985 is rounded up for system purposes) if local conditions warrant it. The minimum mileage rate will be reviewed and updated throughout the year, as well as in conjunction with the Clinical Laboratory Fee Schedule (CLFS), as needed. At no time will the laboratory be allowed to bill for more miles than are reasonable, or for miles that are not actually traveled by the laboratory technician.

Per Flat-Rate Trip Basis Travel Allowance (P9604) – The per flat-rate trip basis travel allowance is $9.85.

The IRS determines the standard mileage rate for businesses based on periodic studies of the fixed and variable costs of operating an automobile.

NOTE: To reduce potential adjustments, Contractors can implement within 90 days from issuance.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
9960.1	Contractors shall use the CY 2017 Travel Allowance for determining payment on a per mileage basis (P9603) or on a flat rate per trip basis (P9604) where applicable under Section 1833(h)(3) of the Act.	X	X							
9960.2	Contractors shall pay for code P9603, where the average trip to the patients' homes exceeds 20 miles round trip, at $0.535 per mile, plus an additional $0.45 per mile to cover the technician's time and travel costs, for a total of $0.99 per mile ($0.985 is rounded up for system purposes).	X	X							
9960.3	Contractors shall have the option of establishing a higher per mile rate for code P9603, in excess of the minimum $0.99 per mile ($0.985 is rounded up for system purposes), if local conditions warrant it.	X	X							
9960.4	Contractors shall pay for code P9604 on a flat-rate trip basis travel allowance of $9.85.	X	X							
9960.5	Contractors shall not search their files to either retract payment for claims already paid or to retroactively pay claims. However, contractors shall adjust claims brought to their attention.	X	X							

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
9960.6	MLN Article: A provider education article related to this instruction will be	X	X			

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
	available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within 5 business days after receipt of the notification from CMS announcing the availability of the article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.					

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Simone Dennis, 410-786-8409 or simone.dennis@cms.hhs.gov , Glenn McGuirk, 410-786-5723 or Glenn.McGuirk@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

ATTACHMENTS: 0

60.2 - Travel Allowance

(Rev.3717, Issued: 02-10-17, Effective: 01-01-17, Implementation: 05- 12- 17)

In addition to a specimen collection fee allowed under §60.1, Medicare, under Part B, covers a specimen collection fee and travel allowance for a laboratory technician to draw a specimen from either a nursing home patient or homebound patient under §1833(h)(3) of the Act and payment is made based on the clinical laboratory fee schedule. The travel allowance is intended to cover the estimated travel costs of collecting a specimen and to reflect the technician's salary and travel costs.

The additional allowance can be made only where a specimen collection fee is also payable, i.e., no travel allowance is made where the technician merely performs a messenger service to pick up a specimen drawn by a physician or nursing home personnel. The travel allowance may not be paid to a physician unless the trip to the home, or to the nursing home was solely for the purpose of drawing a specimen. Otherwise travel costs are considered to be associated with the other purposes of the trip.

The travel allowance is not distributed by CMS. Instead, the A/B MAC (B) must calculate the travel allowance for each claim using the following rules for the particular Code. The following HCPCS codes are used for travel allowances:

Per Mile Travel Allowance (P9603)

- The minimum "per mile travel allowance" is $0.99. The per mile travel allowance is to be used in situations where the average trip to patients' homes is longer than 20 miles round trip, and is to be pro-rated in situations where specimens are drawn or picked up from non-Medicare patients in the same trip. - one way, in connection with medically necessary laboratory specimen collection drawn from homebound or nursing home bound patient; prorated miles actually traveled (A/B MAC (B) allowance on per mile basis); or

- The per mile allowance was computed using the Federal mileage rate plus an additional 45 cents a mile to cover the technician's time and travel costs. A/B MACs (B) have the option of establishing a higher per mile rate in excess of the minimum ($0.99 a mile in CY *2017*) if local conditions warrant it. The minimum mileage rate will be reviewed and updated in conjunction with the clinical lab fee schedule as needed. At no time will the laboratory be allowed to bill for more miles than are reasonable or for miles not actually traveled by the laboratory technician.

Example 1: In CY *2017*, a laboratory technician travels 60 miles round trip from a lab in a city to a remote rural location, and back to the lab to draw a single Medicare patient's blood. The total reimbursement would be $59.40 (60 miles x $0.99 cents a mile), plus the specimen collection fee.

Example 2: In CY *2017*, a laboratory technician travels 40 miles from the lab to a Medicare patient's home to draw blood, and then travels an additional 10 miles to a non-Medicare patient's home and then travels 30 miles to return to the lab. The total miles traveled would be 80 miles. The claim submitted would be for one half of the miles traveled or $39.60 (40 x $0.99), plus the specimen collection fee.

Flat Rate (P9604)

The CMS will pay a minimum of *$9.85* (based on CY *2017*) one way flat rate travel allowance. The flat rate travel allowance is to be used in areas where average trips are less than 20 miles round trip. The flat rate travel fee is to be pro-rated for more than one blood drawn at the same address, and for stops at the homes of Medicare and non-Medicare patients. The laboratory does the pro-ration when the claim is submitted based on the number of patients seen on that trip. The specimen collection fee will be paid for each patient encounter.

This rate is based on an assumption that a trip is an average of 15 minutes and up to 10 miles one way. It uses the Federal mileage rate and a laboratory technician's time of $17.66 an hour, including overhead. A/B

MACs (B) have the option of establishing a flat rate in excess of the minimum of *$9.85*, if local conditions warrant it. The minimum national flat rate will be reviewed and updated in conjunction with the clinical laboratory fee schedule, as necessitated by adjustments in the Federal travel allowance and salaries.

The claimant identifies round trip travel by use of the LR modifier

Example 3: A laboratory technician travels from the laboratory to a single Medicare patient's home and returns to the laboratory without making any other stops. The flat rate would be calculated as follows: 2 x *$9.85* for a total trip reimbursement of *$19.70*, plus the specimen collection fee.

Example 4: A laboratory technician travels from the laboratory to the homes of five patients to draw blood, four of the patients are Medicare patients and one is not. An additional flat rate would be charged to cover the 5 stops and the return trip to the lab (6 x *$9.85* = *$59.10*). Each of the claims submitted would be for *$11.82 ($59.10*/5 = $11.82). Since one of the patients is non-Medicare, four claims would be submitted for *$11.82* each, plus the specimen collection fee for each.

Example 5: A laboratory technician travels from a laboratory to a nursing home and draws blood from 5 patients and returns to the laboratory. Four of the patients are on Medicare and one is not. The *$9.85* flat rate is multiplied by two to cover the return trip to the laboratory (2 x *$9.85* = *$19.70*) and then divided by five (1/5 of *$19.70* = *$3.94*). Since one of the patients is non-Medicare, four claims would be submitted for *$3.94* each, plus the specimen collection fee.

If an A/B MAC (B) determines that it results in equitable payment, the A/B MAC (B) may extend the former payment allowances for additional travel (such as to a distant rural nursing home) to all circumstances where travel is required. This might be appropriate, for example, if the A/B MAC (B)'s former payment allowance was on a per mile basis. Otherwise, it should establish an appropriate allowance and inform the suppliers in its service area. If an A/B MAC (B) decides to establish a new allowance, one method is to consider developing a travel allowance consisting of:

- The current Federal mileage allowance for operating personal automobiles, plus a personnel allowance per mile to cover personnel costs based upon an estimate of average hourly wages and average driving speed.

A/B MACs (B) must prorate travel allowance amounts claimed by suppliers by the number of patients (including Medicare and non-Medicare patients) from whom specimens were drawn on a given trip.

The A/B MAC (B) may determine that payment in addition to the routine travel allowance determined under this section is appropriate if:

- The patient from whom the specimen must be collected is in a nursing home or is homebound; and

- The clinical laboratory tests are needed on an emergency basis outside the general business hours of the laboratory making the collection.

- Subsequent updated travel allowance amounts will be issued by CMS via Recurring Update Notification (RUN) on an annual basis.