

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
**Centers for Medicare & Medicaid Services**



**MLN Matters® Number: MM9960**

**Related Change Request (CR) #: CR 9960**

**Related CR Release Date: February 10, 2017**

**Effective Date: January 1, 2017**

**Related CR Transmittal #: R3717CP**

**Implementation Date: May 12, 2017**

## **Clinical Laboratory Fee Schedule – Medicare Travel Allowance Fees for Collection of Specimens**

### **Provider Types Affected**

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This MLN Matters® Article is intended for physicians, providers and suppliers submitting claims to Medicare Administrative Contractors (MACs) for services provided to Medicare beneficiaries.

### **Provider Action Needed**

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Change Request (CR) 9960 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 Calendar Year (CY) 2017. Make sure that your billing staffs are aware of these changes.

### **Background**

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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.

### **Key Changes**

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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

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costs of collecting a specimen including the laboratory technician's salary and travel expenses. MAC discretion allows the contractor to choose either a mileage basis or a flat rate, and how to set each type of allowance. Because audits have shown 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 MACs established local policy to pay based on a flat-rate basis only.

Under either method, when one trip is made for multiple specimen collections (for example, at a nursing home), the travel payment component is prorated based on the number of specimens collected on that trip. This applies to 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 MAC.

- 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. MACs 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 Internal Revenue Service (IRS) determines the standard mileage rate for businesses based on periodic studies of the fixed and variable costs of operating an automobile.

## Additional Information

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The official instruction, CR9960, issued to your MAC regarding this change, is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2017Downloads/R3717CP.pdf>.

If you have any questions, please contact your MAC at their toll-free number. That number is available at <https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/Review-Contractor-Directory-Interactive-Map/>.

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