



January 2025

Dear Physician,

Medicare compliance, enforced by the Office of Inspector General (OIG), mandates that an annual written notice be sent to physicians from the Laboratory Compliance Officer addressing certain key Compliance-related issues; and therefore, is included in the Alverno Compliance Plan. This notice meets Medicare Compliance education requirements.

- You, the ordering physician, and the laboratory, are responsible for assuring the presence of diagnostic information for each test ordered on the laboratory requisition documenting medical necessity (Balanced Budget Act of 1997, Pub 105-3, effective January 1998). This documentation should be in the form of an ICD-10-CM diagnostic code. Please note that all components of Medicare-approved Chemistry Panels must also follow Medical Necessity guidelines as defined by Medicare. The diagnostic information is required to be included in the patient's medical record for each date of service for Medicare to reimburse for your patient's testing.
- Some tests have published National Coverage Determinations (NCDs) or Local Coverage Determinations (LCD's) that state the ICD-10-CM diagnostic codes that will be covered by the Medicare Program. If there is reason to believe that Medicare will not reimburse the test (e.g., the patient's condition is not covered in the NCD or LCD), the physician must ask the patient to sign an Advanced Beneficiary Notice of Non-Coverage (ABN) **prior to the specimen collection**. It is against Medicare regulations to have all Medicare patients sign an ABN (Blanket ABN).

Note: Some private insurance carriers may implement their own Medical Necessity Policies. These insurance carriers will not pay for tests which do not meet their Medical Necessity requirements. You, the physician, will be required to provide an ICD-10 code that meets Medical Necessity requirements. Any prior authorization that is needed will need to be collected from your physician office prior to services being done.

- The laboratory cannot provide free services to anyone. Write-offs due to lack of required billing information, professional courtesy requests, and other "perks" may be considered by the Office of the Inspector General (OIG) as inducements to the physician by the laboratory and may be subject to scrutiny for fraud and abuse for both parties.
- PECOS: Medicare strongly encourages all providers to use Internet-based PECOS (Provider Enrollment Chain and Ownership System) when revalidating enrollment information, adding a reassignment of benefits, or enrolling in Medicare as a new provider. **Note: The provider name for the PECOS enrollment must match exactly the provider name in the NPI system.**

While we are obligated to remind you of Medicare's regulations, we understand the occasional problems which it presents for you, your patients, and the laboratory. By working together our joint efforts will minimize any inconvenience and insure that your patients receive the necessary testing for their medical needs and that the laboratory receives appropriate compensation by Medicare.



- If you have questions concerning the application of the above policies, please contact the Alverno Laboratories Compliance Officer at 219-836-2532, or Alverno Billing Services at 877-937-2190.

Any questions pertaining to this memorandum, or Alverno compliance policies in general, may be addressed to Monica Hampton, Compliance Officer, at 219-836-2532.

Sincerely,

Monica K T Hampton, MHA, CPCO, CHPSE, MLS (ASCP)^{CM}
Alverno Compliance Officer