

	<h1>Cracking the (Charge) Code: Demystifying Laboratory Billing</h1> <p>Clinical Laboratory Collaborative March 20, 2026 Session #17</p>	
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	<h2>Disclaimer</h2> <p>Portions of this presentation are from the perspective of using Epic Beaker as the electronic health record but is not representative of Epic stances or recommendations.</p> <p>I have no conflicts of interest.</p>

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<ol style="list-style-type: none"> <li>1. Explain the importance of accurate laboratory billing</li> <li>2. Define commonly used laboratory billing acronyms</li> <li>3. Visualize the laboratory billing lifecycle</li> </ol>	<h2>Objectives</h2>

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<h2>Agenda</h2>	<ol style="list-style-type: none"> <li>1. Importance &amp; Complexity of lab billing</li> <li>2. Terms &amp; Definitions</li> <li>3. Records Needed in the EHR/LIS</li> <li>4. Life of a Lab Charge</li> <li>5. Scenarios</li> </ol>





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# 1. IMPORTANCE & COMPLEXITY OF LABORATORY BILLING



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## Your Role

			
<b>Front Desk/Registration</b>	<b>Phlebotomist</b>	<b>MLS/MLT</b>	<b>Manager/Director</b>
Appropriate registration & check in, insurance coverage	Sample collection charges, sample processing charges	Receipt of specimen into correct context & encounter, test performance charges	Productivity and FTE management



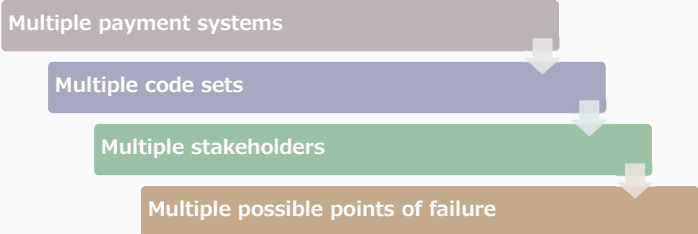
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## Lab Billing Importance

- ◆ Laboratory functions drive billing functions
- ◆ Lab is one of the highest-volume revenue generators in the hospital
- ◆ Regulatory pressure is increasing
- ◆ Upstream accuracy drives downstream reimbursement

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## Unique Complexities




- Multiple payment systems
- Multiple code sets
- Multiple stakeholders
- Multiple possible points of failure

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## Additional Functions of Lab Charges




**Workload & productivity**



**Cost accounting and planning**



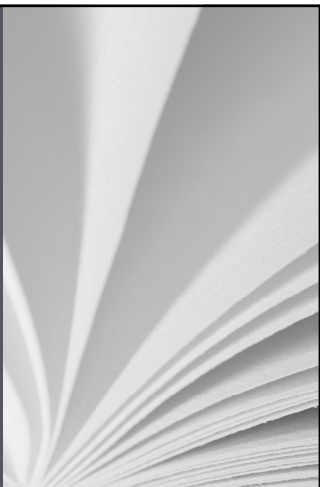
**Internal cost transfers**



**Quality measures & reporting**

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## 2. TERMS & DEFINITIONS



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Acronym	Full Name	Description
ABN	Advanced Beneficiary Notification	Written notice to patient when Medicare is anticipated to deny payment based on test & associated diagnosis. Transfers liability to patient, ensures informed decision-making, protects provider
ADLT	Advanced Diagnostic Laboratory Test	Special sub-category of clinical diagnostic laboratory tests (CDLTs) under Medicare Part B. The test must meet multiple criteria to qualify.
AMA	American Medical Association	Association that creates the CPT codes.
AOC	Add-on Codes	HCPCS/CPT code that describes a service that, with rare exception, is performed in conjunction with another primary service by the same practitioner.
APC	Ambulatory Payment Classification	A CMS payment group used under OPSS to reimburse hospital outpatient services. Each APC contains clinically similar services with comparable resource use.
ASC	Ambulatory Surgery Center	Specialized healthcare facility for same-day surgeries and procedures that don't require an overnight hospital stay.
CLFS	Clinical Laboratory Fee Schedule	Medicare payment system for most clinical diagnostic laboratory tests performed in non-hospital settings.
CPT	Current Procedural Terminology	A standardized code set maintained by the AMA that describes medical, surgical, laboratory, and diagnostic services for billing and documentation. <b>Lab CPTs are the 8xxxx range</b>
DEX Z	Diagnostic Exchange Z-Codes	Unique five-character alphanumeric identifier prefixed with Z granted by the MolDX program. Unique to the performing lab/manufacturer and test.
DOS	Date of Service	In general, the date of service (DOS) for clinical diagnostic laboratory tests is the date of specimen collection unless the physician orders the test at least 14 days following the patient's discharge from the hospital. When the "14-day rule" applies, the DOS is the date the test is performed, instead of the date of specimen collection.
DRG	Diagnosis Related Group	A classification system used under IPPS to pay for IP hospital stays. 1 DRG is assigned per admission based on ICD10s and procedures which determine the hospital's lump payment (lab does not receive a separate payment).
HB	Hospital Billing	Billing for facility services provided by a hospital (technical component). Uses the UB-04 (CMS-1450) claim form.
HCPCS	Healthcare Common Procedure Coding System	CMS codes not defined within the CPT system. For example, P codes for BB products, G codes for CMS defined services (i.e. screening for HPV)

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Acronym	Full Name	Description
HOD	Hospital Outpatient Department	Patient care location of a department contained or affiliated with a hospital but is an outpatient (non-admitted) visit.
ICD	International Classification of Diseases	Diagnosis codes used to describe patient conditions; often associated with lab orders placed.
IP	Inpatient	A patient formally admitted to a hospital for an inpatient stay, billed under IPPS.
IPPS	Inpatient Prospective Payment System	CMS's payment system for inpatient hospital services, using DRGs to determine a fixed payment per admission under Medicare Part A.
LCD	Local Coverage Determination	Defined coverage policies specific only to the Medicare jurisdiction you are located in.
MAI	MUE Adjudication Indicator	Indicates if the MUE is claim line or DOS specific. Designated as 1, 2, or 3.
MPFS	Medicare Physician Fee Schedule	The CMS payment system for professional services (physician work, non-facility services, outpatient clinic professional fees).
MUE	Medically Unlikely Edit	Maximum number of units of service (UOS) reported for a HCPCS/CPT code on the same date of service (DOS).
NCCI	National Correct Coding Initiative	Program includes 3 types of edits: NCCI Procedure-to-Procedure (PTP) edits, Medically Unlikely Edits (MUEs), and Add-on Code (AOC) edits.
NCD	National Coverage Determinations	Defined coverage policies that are applicable to all Medicare patients regardless of jurisdiction.
OP	Outpatient	A patient receiving services without a formal inpatient admission, billed under OPSS or other outpatient fee schedules.
OPPS	Outpatient Prospective Payment System	CMS's payment system for hospital outpatient services, using APCs and packaging rules.
PB	Professional Billing	Billing for provider and/or ambulatory services. Uses the CMS-1500 claim form.
PLA	Proprietary Laboratory Analysis	A subset of CPT codes for unique, manufacturer-specific, or lab-developed tests with their own dedicated code. Start with 0, end with U.
PTP	Procedure to Procedure	Prevents inappropriate payment of services that should not be reported together.
	Non-Pass-Through Billing	The performing lab provider bills for a service performed by someone else — a practice many payers prohibit or restrict.

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<p><b>Claim Specific</b></p> <ul style="list-style-type: none"> <li>✦ Modifiers</li> <li>✦ Revenue codes</li> <li>✦ Type of bill</li> <li>✦ Place of service</li> <li>✦ NPI &amp; TIN</li> <li>✦ Claim forms</li> </ul>	<p><b>CPT Specific</b></p> <ul style="list-style-type: none"> <li>✦ Status Indicators</li> <li>✦ Fee schedules</li> <li>✦ PC/TC indicator</li> <li>✦ MUE Adjudication Indicator</li> </ul>
<p><b>A few additional terms/codes</b></p>	

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Billing Institution Chart				
Facility	Hospital			Ambulatory (Non-Hospital Clinic)
<b>Admission</b>	Inpatient	Hospital Outpatient	Hospital Outpatient Lab	Outpatient clinic visit
<b>Claim Type</b>	1450 (UB-04)	1450 (UB-04)	1450 (UB-04)	1500
<b>Payment System</b>	IPPS	OPPS	CLFS	CLFS, no deductible or coinsurance
<b>Packaging</b>	DRG	APC	N/A	N/A

Professional (pathologist performed) charges on 1500

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<p><b>3. RECORDS NEEDED IN THE EHR</b></p>	
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	<p><b>Organizational Billing Models</b></p> <ul style="list-style-type: none"> <li>&gt; The department that drives the billing</li> <li>&gt; Charge trigger event &amp; mechanism</li> <li>&gt; EHR billing set up             <ul style="list-style-type: none"> <li>&gt; LIS</li> <li>&gt; Charge Router</li> <li>&gt; Manual processes</li> <li>&gt; Workqueues</li> <li>&gt; Claims</li> </ul> </li> </ul>
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### Steps for Record Build

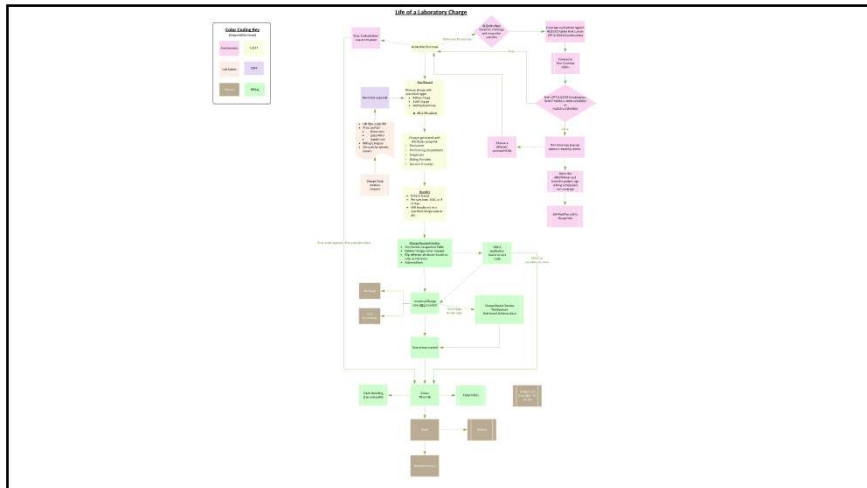
1. The test performed
2. The CPT for the test
3. A charge code for the CPT
4. The charge code is added to ≥1 fee schedule
5. Determine mechanism to trigger the charge
6. Identify if any additional manipulations are needed

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## 4. LIFE OF A LAB CHARGE



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### Color Coding Key (responsible team)

Amb Services	Lab IT
Lab Admin	CDM
Various	Billing

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## Scenario #1

◆ Patient Ruby Redcell has her blood drawn and tested for a CBC

Parameter	CPT
Hemoglobin	85018
Hematocrit	85014
RBC	85041
WBC	85048
Platelet	85049



Bundle	CPT
CBC	85018

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## Scenario #2

- ◆ Clinic A offers an INR test (order code LAB01) with CPT 85610
- ◆ Patient Winnie Warfarin comes to the clinic for an INR test with insurance coverage from Medicare
- ◆ Dr. Bleeda Bitmore orders & signs LAB01 on Winnie with ICD10 Z00.00 (encounter for general adult medical exam w/o abnormalities)
- ◆ Z00.00 is not a covered diagnosis code within the NCD 190.17 Prothrombin Time (PT)

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## Scenario #2

### Scenario recap:

- ◆ INR order with Z00.00 which is non-covered in policy

### What happens next?

- A. Dr. Bitmore signs the order & the patient has their blood drawn for the INR.
- B. Before proceeding, Dr. Bitmore must also place an order for a CBC.
- C. Dr. Bitmore is stopped with a non-coverage prompt to fill out an ABN.

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## Scenario #3

- ◆ Phlebotomist Phil is working at Clinic A but accidentally logged into Hospital B when he came to work.
- ◆ Phil draws Sophie Sodium for a chemistry panel. He typically performs a venipuncture but needed to perform a capillary collection instead. Phil doesn't update the collection method in the chart.
- ◆ Phil enters his collection date as yesterday
- ◆ What are some possible issues from this workflow?

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### Scenario #3

#### Possible Outcomes:

- ◆ Incorrect documentation of where the collection was performed (hospital instead of clinic)
- ◆ Incorrect collection method documented therefore incorrect charge triggered
- ◆ Incorrect collection date documented which will be a mismatch to the DOS
- ◆ All can cause additional downstream issues requiring
  - ◆ Extensive investigation
  - ◆ Manual correction
  - ◆ Possible denial, write-off, or unjustified patient responsibility

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### Scenario #4

- ◆ Healthy Hospital contains a Molecular Diagnostic Laboratory (MDL)
  - ◆ Advanced Diagnostic Laboratory Tests (ADLTs)
- ◆ SureThing Insurance participates in the MolDX DEX Z program
- ◆ Healthy Hospital has approved DEX Z code Z1234 for their Chronic Lymphocytic Leukemia (CLL) NGS Panel which bills 81450

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### Scenario #4


- ◆ Patient Dexter is seen in Healthy Hospital's outpatient Oncology Department
- ◆ Has a CLL NGS Panel performed
- ◆ Dexter is insured through SureThing Insurance
- ◆ Healthy Hospital must include the DEX Z on the claim
- ◆ Required for any outpatient billing

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## Summary

1. Your role in lab billing and the importance & complexity
2. Key terms & definitions commonly used
3. Records needed within the EHR
4. Reviewed the life of a lab charge flowchart
5. Example scenarios

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Resources	
<ul style="list-style-type: none"> <li>• <b>CMS Claims Processing Manual 100-04</b>  <a href="https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Internet-Only-Manuals-IOMs-Items/CMS018012">https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Internet-Only-Manuals-IOMs-Items/CMS018012</a> <ul style="list-style-type: none"> <li>• <b>Chapter 16 Laboratory Services</b>  <a href="https://www.cms.gov/regulations-and-guidance/guidance/manuals/downloads/clm104c16.pdf">https://www.cms.gov/regulations-and-guidance/guidance/manuals/downloads/clm104c16.pdf</a></li> </ul> </li> <li>• <b>Medicare Coverage Database (MCD) Search</b>  <a href="https://www.cms.gov/medicare-coverage-database/search.aspx">https://www.cms.gov/medicare-coverage-database/search.aspx</a></li> <li>• <b>National Government Services (NGS) – Medicare contractor for MN</b>  <a href="https://www.ngsmedicare.com/NGS_LandingPage/">https://www.ngsmedicare.com/NGS_LandingPage/</a></li> <li>• <b>DEX Diagnostic Exchange</b>  <a href="https://www.dexzcodes.com/">https://www.dexzcodes.com/</a></li> <li>• <b>National Uniform Claim Committee – 1500 claim info</b>  <a href="https://www.nucc.org/">https://www.nucc.org/</a></li> <li>• <b>National Uniform Billing Committee – UB04 claim info</b>  <a href="http://www.nubc.org/">http://www.nubc.org/</a></li> <li>• <b>Subscription based for CPT/Coding</b> <ul style="list-style-type: none"> <li>• Optum Coding</li> <li>• Vitalware</li> <li>• AMA</li> </ul> </li> </ul>	

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THANK YOU	
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