

Dermatology Coding Alert

Carrier News Spotlight: Use Network Labs or Face \$50 Fines? Count the Cost of UHC's New Policy

Pointer: Stave off complaints by notifying patients

If you contract with United-Healthcare (UHC), you're now faced with a new challenge--send patients to UHC's in-network laboratories or be prepared for a potential payer nightmare. Ensure that you won't be fined for using out-of-network labs by following this expert advice.

Learn About the Policy

Effective March 1, UHC implemented a "lab referral compliance policy under which a range of administrative actions may be applied if physicians continue to use Quest or other nonparticipating labs," according to UHC's Web site. Instead, you should be referring patients to UHC's in-network labs for services.

Penalties: The administrative actions your practice could face include the following, UHC says: a financial penalty of \$50, which UHC's policy states is "the amount by which non-par laboratory claims exceed the cost of par laboratory claims, on average"; a change in eligibility for the carrier's Premium Designation and Practice Rewards programs; a decreased fee schedule; or termination of network participation.

The bottom line: "This policy, in essence, is making it mandatory that doctors refer their patients to specific facilities," says **Edwina Sprow, CPC**, owner of Sprow Consulting Services based in Phoenix. "Currently patients are made to pay more money if they go to an out-of-network provider; now UHC is penalizing doctors for honoring their patients' wishes and referring them to their choice of lab facility."

Labs Shouldn't Change Their Billing Practices

The new UHC policy is going to be bad for both physicians and billers in two main ways, says **Susan Garrett, CPC**, contract specialist and HIPAA compliance officer for GYN PATH Services, a small local lab in El Paso, Texas, that remains contracted with UHC.

"First, UHC removes local lab options for the providers," Garrett says. "Speaking in general to the issues as an employee of a small local lab and as a coder who hears concerns from physician office staff through monthly chapter meetings, these local labs are most likely reliable, trustworthy, quality labs with whom the docs have done business for years," She explains that this could result in longer turnaround times for results and less communication between physicians and pathologists.

"Then there's the threat of contract termination," Garrett adds. Since this is one of the documented potential penalties of using out-of-network labs, your practice may be worrying over UHC canceling your contract all together.

Don't change: If you bill for a lab, you shouldn't change your process, Garrett says. Bill for the services your office provides.

Be prepared, however, for patient questions if you're not an in-network lab and the patient is covered by UHC. "It's a wake-up call to the patients when they are billed after the carrier processed the claim out of network," Garrett says.

Inform Patients and Ask for Their Help

To reduce complaints from your patients, communicate with them about this new policy upfront, experts say. Unfortunately, "this additional education will impact time spent with patients during their visits or staff time spent on the phone explaining that the lab of choice is no longer their preferred lab," Sprow says.

Concern: "If UHC is allowed to continue with this policy, it is a good bet that other payers will jump on the bandwagon as well," Sprow says.

Keep an eye out: Due to physician and state medical association concerns, state authorities in New Jersey, Texas, Connecticut, Iowa, Florida, and California have announced plans to review the legality of the \$50 fine for physicians who refer their patients to out-of-network laboratories.