

To: Palmetto Health Physicians
 From: Palmetto Health Laboratories
 Date: January 30, 2015
 Re: Annual Update on Laboratory Services

We appreciate that you have chosen Palmetto Health to meet your laboratory needs. We would like to thank you and your staff for entrusting us with your patients' laboratory testing needs this past year. We value our partnership with you as we both strive to give our patients the best service possible. We also appreciate your assistance and cooperation in helping us maintain strict adherence to governmental guidelines and regulations, which seem to increase exponentially every year.

Order Requirements

Please note that all panels will only be paid and will only be billed when all components are medically necessary. In an effort to better serve you, please be sure that orders and test requisitions meet the following regulatory requirements:

- ✓ Ensure the requested laboratory test is clearly listed and not abbreviated.
- ✓ Provide only the **numerical** diagnosis code for each test and avoid exclusively using narrative or descriptive diagnoses.
- ✓ Ensure the order is completely coded at the time it is initiated to ensure that appropriate financial liability is established.
- ✓ Append an authorized, legible and non-stamped signature to the order.
- ✓ Include a current phone number and fax number on the order.

The omission of such information causes unnecessary delays for patients and specimen processing.

Fee Schedule

Outpatient clinical laboratory services are paid based on a fee schedule in accordance with Section 1833(h) of the Social Security Act. Payment is the lesser of the amount billed, the local fee for a geographic area, or a national limit. In accordance with the statute, the national limits are set at a percent of the median of all local fee schedule amounts for each laboratory test code. Each year, fees are updated for inflation based on the percentage change in the Consumer Price Index. However, legislation by Congress can modify the update to the fees. The Medicaid reimbursement will be equal to or less than the amount of Medicare reimbursement. Please reference the link below to access the 2015 Clinical Laboratory Fee Schedule.

<http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ClinicalLabFeeSched/clinlab.html>

ICD-10

Implementation for ICD-10 is October 1, 2015. This is going to be a significant challenge for the healthcare industry. It will become increasingly important that the originating laboratory order is accurate and complete.

Accessing the Website

You can access our website at www.palmettohealth.org; choose Patient Services, Laboratory Services and then "Guidelines for Ordering Laboratory Services on Medicare Beneficiaries." The website is frequently updated with information about Medicare's coverage policies, screening tests, billing information and medical necessity requirements.

Hepatitis C Virus (HCV) in Adults

Effective June 2, 2014, CMS began to cover screening for HCV with the appropriate U.S. Food and Drug Administration (FDA) approved/cleared laboratory tests (used consistently with FDA-approved labeling and in compliance with the Clinical Laboratory Improvement Act (CLIA) regulations) when ordered by the beneficiary's primary care physician or practitioner within the context of a primary care setting, and performed by an eligible Medicare provider for these services, for beneficiaries who meet either of the following conditions:

- Adults at high risk for HCV infection. "High risk" is defined as persons with a current or past history of illicit injection drug use, and persons who have a history of receiving a blood transfusion prior to 1992. Repeat

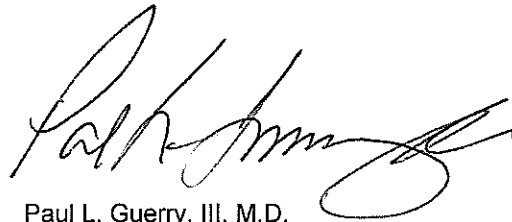
screening for high risk persons is covered annually only for persons who have had continued illicit injection drug use since the prior negative screening test.

- Adults who do not meet the high risk definition as defined above, but who were born from 1945 through 1965. A single, once-in-a-lifetime screening test is covered for these individuals.

The determination of "high risk for HCV" is identified by the primary care physician or practitioner who assesses the patient's history, which is part of any complete medical history, typically part of an annual wellness visit and considered in the development of a comprehensive prevention plan. The medical record should be a reflection of the service provided.

We appreciate the privilege of serving you and your patients. If we can be of further assistance, please contact me. Thank you for choosing Palmetto Health.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul L. Guerry, III, M.D.", written in a cursive style.

Paul L. Guerry, III, M.D.
Pathologist
803-296-5140