

Dear Plan Participant:

We recently became aware of several claim incidents in which Modifier 26 is being used inappropriately by providers. Modifier 26 is a billing modifier that is added to CPT codes for laboratory tests. It is used to denote the professional component of laboratory tests and results in an additional payment to pathologists beyond the standard technical charge for performance of the test by the lab.

This modifier should only be used when the pathologist has been asked by the attending physician for a specific interpretation or medical judgment of the results. The results are then reported in a written narrative that is included in the patient's medical record.

The definition of the appropriate use of Modifier 26 is established by Medicare's payment guidelines and is accepted as the standard industry practice. These guidelines and industry practices indicate that payers may deny benefits for the professional component of a service billed under Modifier 26 if the service was actually performed solely by technicians and computers.

In some locations, pathologists have been billing for this service inappropriately by adding the Modifier 26 to what are really automated tests. The providers often claim that this represents a fee for their oversight of the lab. We deny this charge and do not pay it. In some cases, however, the pathologists will balance bill the charge to the patient.

If you receive an EOB for a claim for lab charges with a denial code of +4 (inappropriate use of modifier) and the provider bills you for these services please contact BAS at the phone number shown on your ID Card.

We are notifying our PPO Networks to reiterate the conditions under which Modifier 26 should be used. If additional action is required, we are prepared to notify the PPO Networks about providers who inappropriately bill for this professional fee because it is a violation of the providers contract with the PPO. If necessary, we will urge the networks to terminate providers who persist in this improper billing practice.