

MEDICAID POLICY INFORMATION SHEET

Policy Analyst: Adriena Krul-Hall

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Initial ☐

Public Comment ☒

Final ☐

Brief description of policy:

Effective for dates of services on or after October 1, 2025, Medicaid enrolled independent laboratories will have the option to bill Medicaid for arranged services provided by a reference laboratory. The performing reference laboratory must hold the required Clinical Laboratory Improvement Amendments of 1988 (CLIA) certification to perform the test and have a contractual agreement with the referring laboratory. The referring laboratory will be responsible for reimbursing the reference laboratory and requesting prior authorization when required for the service.

Reason for policy (problem being addressed):

Current Medicaid policy does not address billing for services when a non-hospital laboratory refers a specimen to another laboratory for testing. This is causing billing and reimbursement inconsistencies and claim auditing issues.

Budget implication:

- ☒ budget neutral
☐ will cost MDHHS \$, and (select one) budgeted in current appropriation
☐ will save MDHHS \$

Is this policy change mandated per federal requirements?

No

Does policy have operational implications on other parts of MDHHS?

No

Does policy have operational implications on other departments?

No

Summary of input:

- ☐ controversial (Explain)
☒ acceptable to most/all groups
☐ limited public interest/comment

Supporting Documentation:

State Plan Amendment Required: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please provide status: <input type="checkbox"/> Approved <input type="checkbox"/> Pending <input type="checkbox"/> Denied Date: Approval Date:	Public Notice Required: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, Submission Date:
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DRAFT FOR PUBLIC COMMENT Michigan Department of Health and Human Services		
	Project Number: 2528-Lab	Date: June 30, 2025

Comments Due: August 4, 2025
Proposed Effective Date: October 1, 2025
Direct Comments To: Adriena Krul-Hall
E-Mail Address: krulhalla@michigan.gov
Phone: 517-284-1221 **Fax:**

Policy Subject: Billing for Services Performed by Reference Laboratories Under Arrangement with Enrolled Independent Clinical Laboratories

Affected Programs: Medicaid, Healthy Michigan Plan, MIChild, Children's Special Health Care Services, Maternity Outpatient Medical Services (MOMS)

Distribution: Independent Clinical Laboratories, Medicaid Health Plans, Integrated Care Organizations

Summary: Effective for dates of services on or after October 1, 2025, Medicaid enrolled independent laboratories will have the option to bill Medicaid for arranged services provided by a reference laboratory. The performing reference laboratory must hold the required CLIA certification to perform the test and have a contractual agreement with the referring laboratory. The billing referring laboratory will be responsible for reimbursing the reference laboratory and requesting prior authorization when required for the service.

Purpose: Current Medicaid policy does not address billing for services when a non-hospital laboratory refers a specimen to another laboratory for testing. This is causing billing and reimbursement inconsistencies and claim auditing issues.

Cost Implications: Budget neutral.

Potential Hearings & Appeal Issues: Aware of None.

State Plan Amendment Required: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, date submitted:	Public Notice Required: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Submitted date:
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Tribal Notification: Yes ☐ No ☒ - **Date:**

THIS SECTION COMPLETED BY RECEIVER

<input type="checkbox"/> Approved	<input type="checkbox"/> No Comments
	<input type="checkbox"/> See Comments Below
<input type="checkbox"/> Disapproved	<input type="checkbox"/> See Comments in Text

Signature:	Phone Number
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Signature Printed:

Bureau/Administration (please print)	Date
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Proposed Policy Draft

Michigan Department of Health and Human Services
Health Services

Distribution: Independent Clinical Laboratories, Medicaid Health Plans, Integrated Care Organizations

Issued: August 29, 2025 (Proposed)

Subject: Billing for Services Performed by Reference Laboratories Under Arrangement with Enrolled Independent Clinical Laboratories

Effective: October 1, 2025 (Proposed)

Programs Affected: Medicaid, Healthy Michigan Plan, MICHild, Children's Special Health Care Services, Maternity Outpatient Medical Services (MOMS)

This policy updates reimbursement guidelines for Medicaid-enrolled independent clinical laboratories that refer a specimen to another laboratory for testing. The information in this bulletin is effective for dates of services on or after October 1, 2025

Although Medicaid payment is generally made to an independent clinical laboratory only for those tests that it performs, Medicaid will align billing allowances for enrolled independent laboratories that must refer a specimen to another laboratory for processing to those granted to enrolled hospital laboratories. Effective for dates of services on or after October 1, 2025, Medicaid-enrolled independent laboratories will have the option to bill Medicaid for arranged services provided by a reference laboratory under the following conditions:

- The reference laboratory holds the required Clinical Laboratory Improvement Amendments of 1988 (CLIA) certification and state licensure, if required, to perform the test;
- The enrolled referring laboratory and the reference laboratory have a contractual agreement to provide such services, ensuring compliance with federal and state laws (i.e., Anti-Kickback Statute [AKS], Eliminating Kickbacks in Recovery Act [EKRA], Stark, and False Claims Act);
- The referring laboratory is responsible for reimbursing the reference laboratory for the services; and
- If the service requires prior authorization (PA), the referring laboratory must request and receive PA approval for the test to be performed by the reference laboratory. The PA number must be included on the claim.

Medicaid defines a referring laboratory as an enrolled laboratory that receives a specimen to be tested and refers that specimen to another laboratory for performance of the test. A reference laboratory is a laboratory that receives a specimen from another laboratory for testing and performs the test.

An independent laboratory that elects to bill for a referred service performed by a reference laboratory must report the service with modifier 90 and include both the billing's and the performing reference laboratory's name, NPI number, and address and performing laboratory's CLIA number in the appropriate claim loop or field. If an electronic claim submission contains both referred and non-referred tests, the claim must include the reference laboratory's information in loop 2420C on the referred test lines. The referring laboratory should bill for referred and non-referred tests separately when utilizing a paper claim format.

The referring laboratory may not charge Medicaid more than it has paid the reference lab for performing laboratory testing. Claim submission on a specimen referred to and processed by another laboratory constitutes acceptance of fiscal responsibility, including recoupment, for monies paid for the reference testing and adherence to Medicaid laboratory policy.

Practitioner office and clinic laboratories not enrolled as independent laboratories are prohibited from billing for referred tests. Physicians or other qualified health care professionals reporting laboratory services with modifier 90 are not eligible for reimbursement.