



PHYSICIAN'S  
AUTOMATED  
LABORATORY, INC.

Medical Director  
Linda P. Veneman M.D., F.C.A.P., F.A.S.C.P.  
*Diplomate American Board of Clinical and Anatomic Pathology*  
*Diplomate American Board of Pathology, Cytopathology Subspecialty*  
*Diplomate American Board of Internal Medicine*

I.R.S. 95-2763276  
C.L.I.A. 05D0643479

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2801 H Street - 93301  
Bakersfield, California  
(800) 675-2271  
(661) 325-0744  
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September 4, 2012

Mr. John Mendoza  
Acting Chief of Fee for Service and Rates Development Division  
Post Office Box 997413 M.S. 4612  
Sacramento, CA 95899-7413  
[John.mendoza@dhcs.ca.gov](mailto:John.mendoza@dhcs.ca.gov)

RE: Lab Comments for Clinical Laboratory Rate Setting Methodology pursuant to AB 1494 and changes in Section 51137.2 of Title 22 of the California Code of Regulations

Dear Mr. Mendoza:

Thank you for the opportunity to make comments about the proposed change in reimbursement methodology.

No uniform mechanism for extraction of the requested data exists across the industry. Laboratory billing systems are designed as billing specific software, they are not designed as sophisticated accounting and budgeting software. If specific software programming will be required at a minimum of 80 to 120 programming labor hours @ \$150.00 per hour to achieve the extraction data requested by this legislation.

That being said, we have enclosed examples of data that can be extracted from our computer system. The "Actual Revenue by Payer Report" (attached) will show the revenue collected by each payer, the volume of tests billed and the average reimbursement. This report must be run by each individual CPT alone. If requested for all CPT's the billing software system combines the grant total dollar amount received by each payer not CPT test detail.

Note that the "Lowest Payment" is undeterminable by any report from most billing systems. Variables in payments include patient deductibles, co-pays, primary, secondary, tertiary insurance plans, and recoupment method variances. All of the above myriad of circumstances that lead to billing software design decisions to show actual revenue as a calculated average amount.

Medicare and Medi-Cal reimbursement rate are available online. Fee schedules from private insurance companies do not usually publish a specific fee schedule due to the multiple products and plans they offer. Private contracts are presented usually with a percentage of the Medicare Fee Schedule as the reimbursement rate. Requests can be made for quotes of a few (5-20) CPT rates at a time. However, a full fee schedule by CPT is seldom provided. This practice currently causes increased duties to lab billing staff. In more recent years the terms of the contract have

been presented with a “take it or leave it” rate that have been non-negotiable contracted rate to individual laboratories.

EOB’s are received from insurers, some downloaded and others mailed. Insurance companies send one check for all the plans they administer. The EOB transmission consists of multiple pages of patient detail but does not tell you which plan. (See attached example of EOB). The actual reimbursement rate is not reflected on these documents. The reasons for allowance or disallowance are not always stated clearly on the provider copy, and changes with each EOB.

Our laboratory bills all insurances and patients off the same Patient Fee Schedule which is based on Medicare rates.

While the goal of arriving at the lowest reimbursed rate per CPT code may be desirable, the means by which that information is available varies tremendously depending on each unique software design. The suggestion of DHCS obtaining “Fee Schedules” or actual “reimbursement rates” by CPT from each insurance provider delivering services to California patients might result in better reimbursement data.

We certainly are willing to provide as accurate information as possible and trust you will take into consideration the costs to the private laboratory sector both in man hours for labor and programing costs for software, as well as, the cost and expenses for your agency and any outside agency needed to analyze the data.

Again we appreciate the opportunity the Legislature and DHCS has provided to give feedback to this complex issue.

Sincerely,



Joyce Hulen, Administrative Assistant  
Physician’s Automated Laboratory,  
Board Member CCLA

Actual Revenue by Provider  
Run by each CPT individually

Aerobic culture ID	87077		
	Revenue	Tests	Per Test
<b>Small date range as example of one CPT at a time</b>			
L4-CCPL MEDICARE PALMETTO GBA	\$ 12,541.70	1103	\$ 11.37
4-MEDICARE PALMETTO GBA	\$ 5,679.20	506	\$ 11.22
L2267-CCPL BLUE CROSS	\$ 39.52	467	\$ 0.08
723-BLUE SHIELD OF CALIFORNIA	\$ 1,423.15	351	\$ 4.05
L8-CCPL PATIENT BILLING	\$ 52.02	686	\$ 0.08
L1588-CCPL CENCAL HEALTH	\$ 2,272.79	249	\$ 9.13
2267-BLUE CROSS	\$ 3,139.30	254	\$ 12.36
2710-COASTAL COMM PHYS NETWORK	\$ 666.20	174	\$ 3.83
119-AETNA	\$ 413.59	30	\$ 13.79
11-GEMCARE MCR PLUS	\$ 54.94	150	\$ 0.37
1574-UNITED HEALTHCARE	\$ 269.35	30	\$ 8.98
6-KERN FAMILY HEALTHCARE	\$ 1,101.28	125	\$ 8.81
2500-KERN COUNTY EPO	\$ 92.79	10	\$ 9.28
L2410-CCPL CMSP	\$ 71.44	10	\$ 7.14
5-MEDI-CAL	\$ 1,763.10	86	\$ 20.50
8-PATIENT BILLING	\$ 8,363.22	240	\$ 34.85
2510-KERN COUNTY POS	\$ 662.13	73	\$ 9.07
2709-COASTAL COMM PHYS NETWORK SENI	\$ 251.58	59	\$ 4.26
1350-PINNACLE CLAIMS	\$ 137.95	17	\$ 8.11
1829-CIGNA	\$ 261.33	16	\$ 16.33
2726-WPS WEST REGION CLAIMS	\$ 499.64	9	\$ 55.52
933-CIGNA / GWH	\$ 110.34	4	\$ 27.59
2694-X STATE COMPENSATION	\$ 41.22	3	\$ 13.74
LWCOMP-CCPL WORKCOMP MISCELLANEOUS	\$ 27.48	3	\$ 9.16
1594-HEALTH COMP	\$ 205.07	1	\$ 205.07
1651-CNIC HEALTH SOLUTIONS	\$ 9.58	1	\$ 9.58
1170-DELTA HEALTH SYSTEMS	\$ 56.55	4	\$ 14.14

**EXPLANATION OF BENEFITS**

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PHYSICIANS AUTOMATED LABO  
PO BOX 1500  
BAKERSFIELD, CA 93302

Sequence Number: 1457341851 201213829  
Provider ID: 1457341851  
NETWORK PROVIDER: Y  
FOUNDATION PHYSICIAN: N

Patient Name: [REDACTED]		ID#: 803A63283	Acct Nbr: 1-L4643441	Group#: R42000				
Claim ID: 12234B06491		Claim Received Date: 08/21/12 PARTICIPATING PROVIDER						
SERVICE DATE(s)	PROCEDURE NUMBER	UNITS OF SERVICE	BILLED AMOUNT	ALLOWED AMOUNT	NOT ALLOWED AMOUNT	DEDUCTIBLE AMOUNT	COINSURANCE COPAYMENT AMOUNT	CLAIMS PAYMENT
08/03/12	86900	001	9.00	2.92	6.08/01	2.92/02		0.00
08/03/12	80050	001	105.00	33.80	71.20/01	33.80/02		0.00
08/03/12	84439	001	27.00	8.82	18.18/01	8.82/02		0.00
08/03/12	86901	001	9.00	2.92	6.08/01	2.92/02		0.00
08/03/12	36415	001	10.50	2.10	8.40/01	2.10/02		0.00
TOTAL THIS CLAIM			160.50	50.56	109.94	50.56	0.00	0.00
Administered on behalf of Anthem Blue Cross Life and Health Insurance Company					FOR INFORMATION CALL: 800-677-6669			

Patient Name: [REDACTED]		ID#: 271A62828	Acct Nbr: 1-L4643529	Group#: 06Z800				
Claim ID: 12234B06492		Claim Received Date: 08/21/12 PARTICIPATING PROVIDER						
SERVICE DATE(s)	PROCEDURE NUMBER	UNITS OF SERVICE	BILLED AMOUNT	ALLOWED AMOUNT	NOT ALLOWED AMOUNT	DEDUCTIBLE AMOUNT	COINSURANCE COPAYMENT AMOUNT	CLAIMS PAYMENT
08/03/12	87086	001	24.00	7.90	16.10/01	7.90/02		0.00
TOTAL THIS CLAIM			24.00	7.90	16.10	7.90	0.00	0.00
Administered on behalf of Anthem Blue Cross Life and Health Insurance Company					FOR INFORMATION CALL: 800-677-6669			

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THIS IS NOT A BILL

**EXPLANATION OF BENEFITS**

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PHYSICIANS AUTOMATED LABO  
PO BOX 1500  
BAKERSFIELD, CA 93302

Sequence Number: 1457341851 201213829  
Provider ID: 1457341851  
NETWORK PROVIDER: Y  
FOUNDATION PHYSICIAN: N

Patient Name: ██████████		ID#: 977A68963	Acct Nbr: 1-L4643147	Group#: 789000				
Claim ID: 12234B08496		Claim Received Date: 08/21/12 PARTICIPATING PROVIDER						
SERVICE DATE(s)	PROCEDURE NUMBER	UNITS OF SERVICE	BILLED AMOUNT	ALLOWED AMOUNT	NOT ALLOWED AMOUNT	DEDUCTIBLE AMOUNT	COINSURANCE COPAYMENT AMOUNT	CLAIMS PAYMENT
08/02/12	85025	001	23.00	7.60	15.40/01	7.60/02		0.00
08/02/12	85651	001	11.00	3.47	7.53/01	3.47/02		0.00
08/02/12	82728	001	40.00	13.32	26.68/01	13.32/02		0.00
08/02/12	84443	001	50.00	16.43	33.57/01	16.43/02		0.00
08/02/12	36415	001	10.50	2.10	8.40/01	2.10/02		0.00
TOTAL THIS CLAIM			134.50	42.92	91.58	42.92	0.00	0.00
FOR INFORMATION CALL: 800-677-6669								

Patient Name: ██████████		ID#: 855A68174	Acct Nbr: 1-B4650167	Group#: 503200				
Claim ID: 12235BK1674		Claim Received Date: 08/22/12 PARTICIPATING PROVIDER						
SERVICE DATE(s)	PROCEDURE NUMBER	UNITS OF SERVICE	BILLED AMOUNT	ALLOWED AMOUNT	NOT ALLOWED AMOUNT	DEDUCTIBLE AMOUNT	COINSURANCE COPAYMENT AMOUNT	CLAIMS PAYMENT
08/16/12	36415	001	10.50	2.10	8.40/01	2.10/02		0.00
08/16/12	80061	001	40.00	13.10	26.90/01	13.10/02		0.00
08/16/12	80050	001	105.00	33.80	71.20/01	33.80/02		0.00
TOTAL THIS CLAIM			155.50	49.00	106.50	49.00	0.00	0.00
FOR INFORMATION CALL: 800-677-6669								

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PHYSICIANS AUTOMATED LABO  
PO BOX 1500  
BAKERSFIELD, CA 93302

Sequence Number: 1457341851 201213829  
Provider ID: 1457341851  
NETWORK PROVIDER: Y  
FOUNDATION PHYSICIAN: N

FOR INFORMATION CALL: 1-800-333-3883

Patient Name: ██████████		ID#: 245A62329	Acct Nbr: 1-L4597518	Group#: 00572B				
Claim ID: 12234GF4466		Claim Received Date: 08/21/12 PARTICIPATING PROVIDER						
SERVICE DATE(s)	PROCEDURE NUMBER	UNITS OF SERVICE	BILLED AMOUNT	ALLOWED AMOUNT	NOT ALLOWED AMOUNT	DEDUCTIBLE AMOUNT	COINSURANCE COPAYMENT AMOUNT	CLAIMS PAYMENT
07/23/12	85025	001	23.00	0.00	23.00/12			0.00
07/23/12	82728	001	40.00	0.00	40.00/12			0.00
07/23/12	83540	001	19.00	0.00	19.00/12			0.00
07/23/12	83550	001	22.00	0.00	22.00/12			0.00
07/23/12	36415	001	10.50	0.00	10.50/12			0.00
TOTAL THIS CLAIM			114.50	0.00	114.50	0.00	0.00	0.00

FOR INFORMATION CALL: 1-800-333-3883

Patient Name: ██████████		ID#: 755A63413	Acct Nbr: 1-L4126639	Group#: E0282B				
Claim ID: 12234GF4471		Claim Received Date: 08/21/12 PARTICIPATING PROVIDER						
SERVICE DATE(s)	PROCEDURE NUMBER	UNITS OF SERVICE	BILLED AMOUNT	ALLOWED AMOUNT	NOT ALLOWED AMOUNT	DEDUCTIBLE AMOUNT	COINSURANCE COPAYMENT AMOUNT	CLAIMS PAYMENT
02/22/12	88305	001	236.00	75.53	160.47/05 60.42/06	15.11/02		0.00
TOTAL THIS CLAIM			236.00	75.53	220.89	15.11	0.00	0.00

FOR INFORMATION CALL: 1-800-333-3883

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