

**TO: All Providers**

**FROM: Carefirst, INC., Medicare Part A**

**DATE: November 6, 2003**

**SUBJECT: Use of GY Modifier to Identify Clinical Diagnostic Laboratory Services that are Not Covered by Medicare**

**Background:**

In November 2002, Medicare implemented 23 national coverage determinations (NCDs) for clinical diagnostic laboratory services. These NCDs are specific down to the ICD-9-CM code level and included lists of ICD-9-CM codes that are covered and those that are not covered by Medicare. The ICD-9-CM codes that are not covered by Medicare are codes that are excluded from coverage based on technical denials, such as routine screening services, rather than denial due to lack of medical necessity. Laboratories are permitted to bill beneficiaries for services that are not covered by Medicare for reasons other than medical necessity without providing for an Advance Beneficiary Notice (ABN).

Medicare clinical diagnostic laboratory services are processed using a standardized laboratory edit module. This edit module returns a message to the local contractor indicating whether the claim passed the NCDs coverage edits, is denied for diagnoses on the non-covered list, or is denied as not medically necessary. Healthcare Common Procedure Coding System (HCPCS) coding provides for a modifier GY to be used to indicate an item or service that is statutorily excluded or does not meet the definition of any Medicare benefit. At present, the laboratory edit module response is not affected by the use of this modifier.

**Policy:**

By January 1, 2004, the clinical diagnostic laboratory service edit module will be changed to consider the presence of the GY modifier in selecting the appropriate response for claims for clinical diagnostic laboratory services. Use of the GY modifier will result in a not covered response from the edit module in all cases. Laboratories should append the GY modifier to the CPT procedure codes for any service where the appropriate diagnosis for that service is on the list of diagnoses that are not covered by Medicare.

The effective and implementation date of this bulletin is January 1, 2004

Reference: CMS Pub. 100-04, Transmittal 11, CR 2933

Should you have any questions relating to this article, contact Provider Relations at 1-866-488-0545.

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