CAP Public Policy on Pathologist Professional Component Billing for Clinical Pathology Services

Policy Synopsis

Pathologists perform professional services as well as technical services. The variety of billing arrangements for pathologists’ services includes professional component billing. In professional component billing, while the hospital might bill the patient for the pathologist’s technical services, the pathologist can bill the patient, the patient’s insurer, or the hospital directly for professional services.

Policy

Quality laboratory services are essential to the diagnosis and treatment of patients. Pathologist directors of hospital laboratories spend a significant amount of time and effort in fulfilling their responsibility to the patient for quality laboratory services. The pathologist is professionally responsible and legally accountable for laboratory results. To prepare for this responsibility the pathologist must complete a lengthy medical residency program. Moreover, Federal certification standards and Joint Commission on Accreditation of Healthcare Organizations standards require certain professional, organizational and administrative services be provided in the clinical laboratory to assure quality laboratory services to patients. The pathologist-director of a hospital clinical laboratory provides professional services in:

- Assuring that tests, examinations, and procedures are properly performed, recorded and reported;
- Interacting with members of the medical staff regarding issues of laboratory operations, quality, and test availability;
- Designing protocols and establishing parameters for performance of clinical testing;
- Recommending appropriate follow-up diagnostic tests, when appropriate;
- Supervising laboratory technicians and advising technicians regarding aberrant results;
- Selecting, evaluating, and validating test methodologies;
- Directing, performing, and evaluating quality assurance and control procedures;
• Evaluating clinical laboratory data and establishing a process for review of test results prior to issuance of patient reports;

• Assuring the hospital laboratory's compliance with state licensure laws, Medicare conditions, Joint Commission on Accreditation of Healthcare Organizations standards, the College of American Pathologists Laboratory Accreditation Program and federal certification standards.

• A variety of valid and accepted methods for payment for the above professional services of the pathologist in the hospital clinical laboratory are available.

These physician services may be billed by the pathologist to the patient (or the patient's insurer) or to the hospital as the pathologist and hospital may agree. Medicare rules require pathologists to seek payment from the hospital for the professional component of clinical pathology services to Medicare patients because the hospital's Medicare payment rate includes payment for these physician services. Pathologists and hospitals often negotiate a different billing arrangement for the pathologist's professional services for non-Medicare patients. The pathologist may bill a professional component for clinical laboratory services to the patient, and the hospital may bill the technical component.

Professional component billing is one valid method of billing for the professional services of pathologists in the clinical laboratory. In many communities the standard practice is for the pathologist to direct bill patients for the professional component of clinical laboratory services. When the pathologist bills a professional component to a non-Medicare patient, no payment is made by the hospital to the pathologist for this service. The hospital's bill for the technical component covers hospital costs for laboratory equipment, supplies and non-physician personnel; it does not cover the professional services of the pathologist.

**Revision History**

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