

Laboratory Benefit Management Program

Provider Training Guide

Table of Contents

1. [Lab Benefit Management Program Overview](#)
2. [Lab Policy Administration](#)
3. [Routine Testing Management](#)
4. [Policy Information/Coverage Criteria Deconstruction](#)
5. [Sample Policy Overview Example](#)
6. [Examples of Avalon Policy Enforcement Application](#)
7. [Examples of Claim Decision Responses](#)
8. [Revision History](#)



What is the Laboratory Benefit Management Program?

- ConnectiCare collaborates with Avalon Healthcare Solutions (Avalon) to implement a Laboratory Benefit Management (LBM) program.
- This helps us stay current and process laboratory claims with greater accuracy and consistency.
- Using their expertise in laboratory services, Avalon reviews laboratory services performed in office, hospital outpatient, and independent laboratory settings reported on claims (post-service and pre-payment) for adherence and consistency with our laboratory policies and guidelines, as well as industry standardized rules.
- Avalon provides routine testing management services with automated review of high-volume, low-cost laboratory tests.

The Unrecognized Power — and Exposure — of Lab Testing

13 BILLION LAB TESTS PERFORMED IN THE UNITED STATES EACH YEAR, COSTING \$82B*



70%

medical decisions
based on lab
results**



30%

lab tests are
unnecessary***



1 in 3

genetic tests
ordered in error***



2-3x

variation in lab
costs by site†

*[aacc.org/health-and-science-policy/aacc-policy-reports/2015/laboratory-medicine-advancing-quality-in-patient-care](https://www.aacc.org/health-and-science-policy/aacc-policy-reports/2015/laboratory-medicine-advancing-quality-in-patient-care) and U.S. Clinical Laboratory Industry Forecast & Trends 2018-2020, [laboratoryeconomics.com](https://www.laboratoryeconomics.com).

**Forsman, RW. Why is the laboratory an afterthought for managed care organizations? Clin Chem 1996;42:813–6.

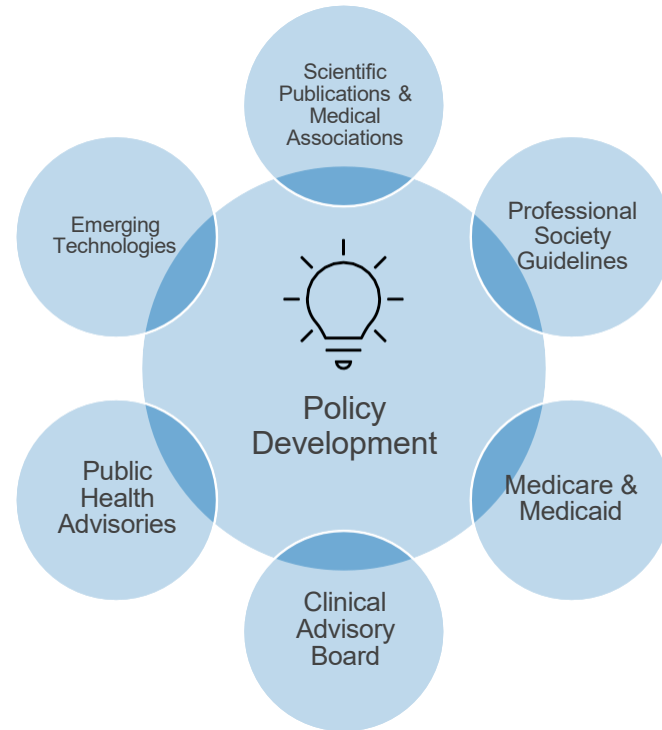
*** Zhi M, Ding EL, Theisen-Toupal J, Whelan J, Arnaout R (2013). The Landscape of Inappropriate Laboratory Testing: A 15-Year Meta-Analysis. PLOS ONE 8(11): e78962. doi.org/10.1371/journal.pone.0078962.

†Shrank WH, Rogstad TL, Parekh N. Waste in the US Health Care System: Estimated Costs and Potential for Savings. JAMA. 2019.

Policy Development: What Does the Science Say?

LAB POLICY DEVELOPMENT IS CENTERED ON INPUTS FROM THE FOLLOWING:

- Avalon's dedicated, full-time scientists support and maintain ~70 routine outpatient lab policies.
- All policies are researched, written, and maintained in-house by a dedicated science team.
- Demonstrated conditions of coverage.
- Each policy has robust scientific rigor, typically using ~50 references.
- Annual updates approved by Avalon's independent clinical advisory board.



Avalon Clinical Advisory Board



Geoffrey Baird, MD, PhD

Harborview Medical Center, University of Washington

Practicing pathologist, board certified

Harborview Medical Center Director of Clinical Chemistry

University of Washington Interim Chair, Department of Laboratory Medicine and Pathology



Jane Gibson, PhD

University of Central Florida

University of Central Florida College of Medicine

Professor of Pathology and Chair

- Department of Clinical Sciences
- Associate Dean for Faculty Affairs

American College of Medical Genetics (ACMG), Founding fellow



Melissa Miller, PhD

University of North Carolina at Chapel Hill School of Medicine

University of North Carolina at Chapel Hill School of Medicine Professor Emeritus

- Professor of Pathology and Laboratory Medicine

UNC Clinical Microbiology and Molecular Microbiology Laboratories

- Director



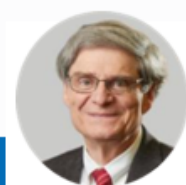
Brian Rubin, MD, PhD

Cleveland Clinic

Practicing pathologist with subspecialty expertise in bone and soft tissue tumors

Cleveland Clinic

- Professor and Vice Chair of Pathology
- Director, Soft Tissue Pathology
- Director, Bone and Soft Tissue Pathology
- Fellowship program



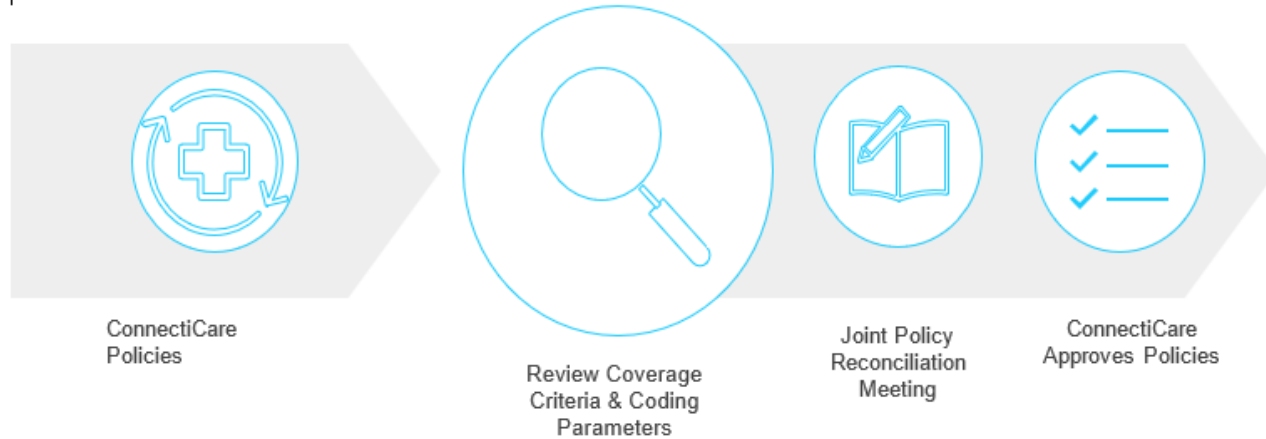
Brian R. Smith, MD

Yale-New Haven Hospital

Yale School of Medicine

- Professor and Chair of Laboratory Medicine
- Professor of Biomedical Engineering, Medicine (Hematology)
- Professor of Pediatrics

Process of Policy Review, Adoption, and Publication



Personalize

ConnectiCare formats lab policies for publication.

Policy Publication

Policies published on ConnectiCare website.

Provider Notification

Provider notice period prior to enforcement.

Routine Testing Management

- Avalon proprietary software (APEA) is used to ensure compliance with ConnectiCare reimbursement policies.
- Not utilization management/Not medical necessity.
- APEA edits are applied post-service and pre-payment.
- APEA applies to all outpatient lab testing.
- ER/Inpatient/Observation claims out of scope.
- APEA advice is provided in accordance with:
 - AMA CPT and HCPCS coding, and ICD-10 diagnosis coding guidelines.
 - Other laboratory and pathology coding guidelines.
 - All applicable regulatory guidelines.
 - “Fixed” coverage criteria found in ConnectiCare policy.

Translating Lab Policies Into Automated Rules



Lab coding and coverage

>500 sourced correct coding and coverage rules

Including LCDs and NCDs across all lines of business



Comprehensive lab policies

Thyroid lab testing covered by ≈20 pages of policies



Smart lab coding rules

Policies translate to >200 thyroid lab rules

Contemplating thousands of permutations of data attributes



Automated lab claim adjudication

Thyroid rules are applied to claims via APEA connectivity

Locating Policy Information

- Extensive **laboratory reimbursement policies**:
 - [ConnectiCare Reimbursement Policies: connecticare.com/providers/our-policies/reimbursement-policies](https://www.connecticare.com/providers/our-policies/reimbursement-policies)
- Provider FAQs are included in our **Laboratory Benefit Management Program Payment Integrity Policy**: <https://www.connecticare.com/providers/our-policies/Employer-Large-Group-Payment-Integrity-Policies>
- Provider newsletter, *Office Visit*, with an article on **Avalon Laboratory Management Program**: <https://www.connecticare.com/providers/resources/office-visit>

Examples of Avalon Policy Enforcement Application

Rule	Definition
Diagnosis Constraints and Allowances	Procedure and diagnosis required or prohibited combinations.
Demographics	Limitations based on patient age.
Procedure Units	Within and across claim for a date of service.
Units/Period-of-Time	Maximum allowable units within a defined period-of-time.
Time Between Procedures	Minimum time required before a second procedure is clinically appropriate.



- Appeals continue to be handled by ConnectiCare.
- Denial reason communicated on EOP/EOB and Provider 835 Remittance advice.

Examples of Claim Decision Responses

Explanation Code	Explanation Description	Claim Adjustment Reason Codes (CARC)	CARC Description	Remittance Advice Remark Codes (RARC)	RARC Description
GA1	Laboratory Benefit Management Program (LBM) Reimbursement Policy applied. Providers use link, bit.ly/Our-RP , to see policy for applicable test.	6	The procedure/revenue code is inconsistent with the patient's age	N129	Not eligible due to the patient's age.
GA2	Laboratory Benefit Management Program (LBM) Reimbursement Policy applied. Providers use link, bit.ly/Our-RP , to see policy for applicable test.	151	Payment adjusted because the payer deems the information submitted does not support this many/frequency of services.	N362	The number of Days or Units of Service exceeds our acceptable maximum.
GA3	Laboratory Benefit Management Program (LBM) Reimbursement Policy applied. Providers use link, bit.ly/Our-RP , to see policy for applicable test.	151	Payment adjusted because the payer deems the information submitted does not support this many/frequency of services.	N362	The number of Days or Units of Service exceeds our acceptable maximum.
GA4	Laboratory Benefit Management Program (LBM) Reimbursement Policy applied. Providers use link, bit.ly/Our-RP , to see policy for applicable test.	151	Payment adjusted because the payer deems the information submitted does not support this many/frequency of services.	N362	The number of Days or Units of Service exceeds our acceptable maximum.
GA5	Laboratory Benefit Management Program (LBM) Reimbursement Policy applied. Providers use link, bit.ly/Our-RP , to see policy for applicable test.	58	Treatment was deemed by the payer to have been rendered in an inappropriate or invalid place of service	-	-
GA6	Laboratory Benefit Management Program (LBM) Reimbursement Policy applied. Providers use link, bit.ly/Our-RP , to see policy for applicable test.	231	Mutually exclusive procedures cannot be done in the same day/setting	-	-

Examples of Claim Decision Responses (continued)

Explanation Code	Explanation Description	Claim Adjustment Reason Codes (CARC)	CARC Description	Remittance Advice Remark Codes (RARC)	RARC Description
GA7	Laboratory Benefit Management Program (LBM) Reimbursement Policy applied. Providers use link, bit.ly/Our-RP , to see policy for applicable test.	11	The diagnosis is inconsistent with the procedure.	N657	This should be billed with the appropriate code for these services.
GA8	Laboratory Benefit Management Program (LBM) Reimbursement Policy applied. Providers use link, bit.ly/Our-RP , to see policy for applicable test.	151	Payment adjusted because the payer deems the information submitted does not support this many/frequency of services.	N362	The number of Days or Units of Service exceeds our acceptable maximum.
GB0	Laboratory Benefit Management Program (LBM) Reimbursement Policy applied. Providers use link, bit.ly/Our-RP , to see policy for applicable test.	151	Payment adjusted because the payer deems the information submitted does not support this many/frequency of services.	N362	The number of Days or Units of Service exceeds our acceptable maximum.
GB4	Laboratory Benefit Management Program (LBM) Reimbursement Policy applied. Providers use link, bit.ly/Our-RP , to see policy for applicable test.	151	Payment adjusted because the payer deems the information submitted does not support this many/frequency of services.	N362	The number of Days or Units of Service exceeds our acceptable maximum.

Common Policy Examples*

Policy	Edit Type	Rule
Vitamin D	Procedure and Diagnosis Code compatibility	Always allowed or Never allowed
	Frequency	Two units per year
Vitamin B12	Procedure and Diagnosis Code compatibility	Always allowed or Never allowed
	Frequency	One unit every three months
HbA1c	Procedure and Diagnosis Code compatibility	• Diabetic or pregnant • Diabetic • not diabetic for ≥ 18-year-old • not diabetic for < 18-year-old
	Frequency	One unit every three months
Cervical Cancer Screening	Procedure and Diagnosis Code compatibility	Always allowed or Never allowed
	Demographic (age)	Units/ Period of time/ Age range

**Note: For illustrative purposes only. Full policies with current criteria can be found at the link provided on page 10.*

Sample Policy Summary*

POLICY NUMBER

AHS-G2005

Policy Name

Policy Explanation and Overview

Applicable CPT/HCPCS Procedure Codes:

CPT	Code Description
82306	Vitamin D; 25 hydroxy, includes fraction(s), if performed
82652	Vitamin D; 1, 25 dihydroxy, includes fraction(s), if performed
0038U	Vitamin D, 25 hydroxy D2 and D3, by LC-MS/MS, serum microsample, quantitative Proprietary test: Sensiava™ Droplet 25OH Vitamin D2/D3 Microvolume LC/MS Assay Lab/Manufacturer: InSource Diagnostics

Indications and/or Limitations of Coverage:

- 1) For individuals with an underlying disease or condition which is specifically associated with vitamin D deficiency or decreased bone density (see Note 1), for individuals suspected of hypervitaminosis of vitamin D, or for individuals with vitamin D deficiency, 25-hydroxyvitamin D serum testing (no more than one test every six months) **MEETS COVERAGE CRITERIA**.
- 2) As part of the total 25-hydroxyvitamin D analysis, testing for D2 and D3 fractions of 25-hydroxyvitamin D **MEETS COVERAGE CRITERIA**.
- 3) For the evaluation or treatment of conditions that are associated with defects in vitamin D metabolism (see Note 2), 1,25-dihydroxyvitamin D serum testing **MEETS COVERAGE CRITERIA**.
- 4) The following testing **DOES NOT MEET COVERAGE CRITERIA**:
 - a) Measurement of serum 1,25-dihydroxyvitamin D to screen for vitamin D deficiency.
 - b) Routine screening for vitamin D deficiency with serum testing in asymptomatic individuals and/or during general encounters.

Outline of Coverage Criteria

Policy Description:

Vitamin D is a precursor to steroid hormones and plays a key role in calcium absorption and mineral metabolism. Vitamin D promotes enterocyte differentiation and the intestinal absorption of calcium. Other effects include a lesser stimulation of intestinal phosphate absorption, suppression of parathyroid hormone (PTH) release, regulation of osteoblast function, osteoclast activation, and bone resorption.¹

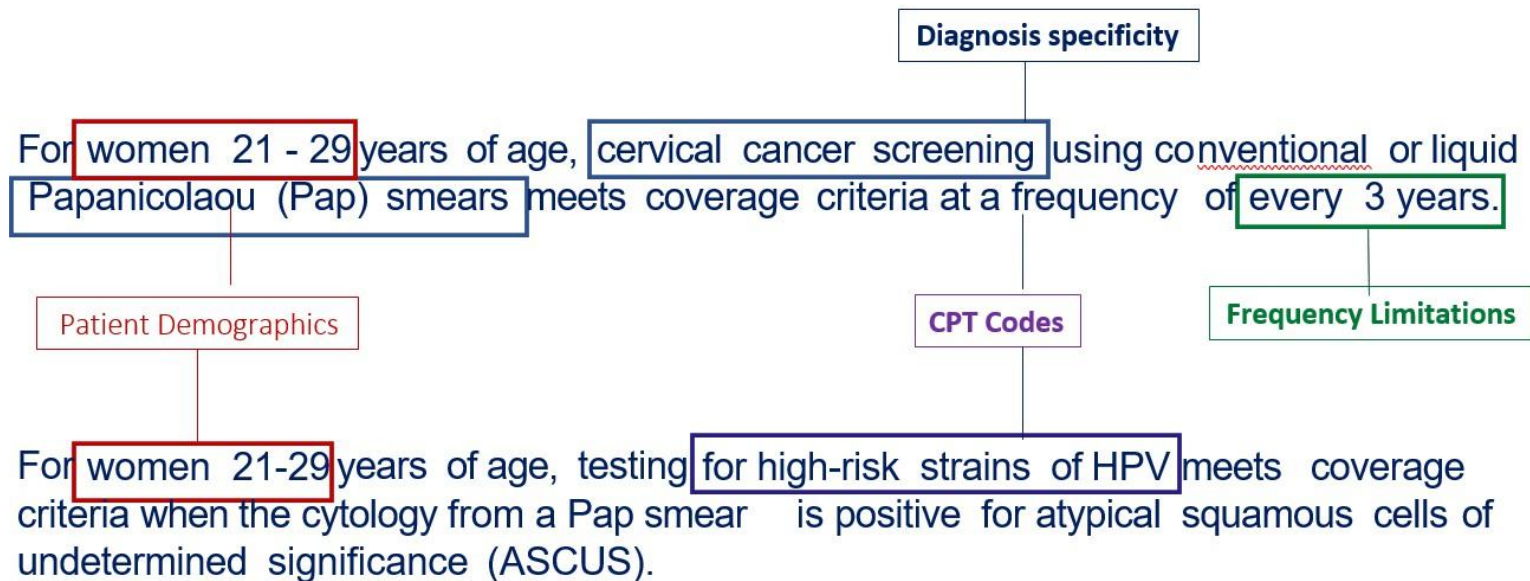
Vitamin D is present in nature in two major forms. Ergocalciferol, or vitamin D2, is found in fatty fish (e.g., salmon and tuna) and egg yolks, although very few foods naturally contain significant amounts of vitamin D. Cholecalciferol, or vitamin D3, is synthesized in the skin via exposure to ultraviolet radiation present in sunlight. Some foods are also fortified with vitamin D, most notably milk and cereals.²

Though the risk of vitamin D deficiency can differ by age, sex, and race and ethnicity, major risk factors for vitamin D deficiency include inadequate sunlight exposure, inadequate dietary intake of vitamin D-containing foods, and malabsorption syndromes, such as Crohn's disease and celiac disease.^{3,4}

*Note: For illustrative purposes only. Full policies with current criteria can be found at the link provided on page 10.

Deconstructing Coverage Criteria*

EXCERPT FROM CERVICAL CANCER SCREENING POLICY:



*Note: For illustrative purposes only. Full policies with current criteria can be found at the link provided on page 10.

Unit Threshold Exceeded

An example of unit threshold exceeded is 86003, Allergen specific IgE; quantitative or semi-quantitative, crude allergen extract, each. Policy AHS-G2031, Allergen Testing, limits units for this code to 40 per year.

Example 1

Claim Details:

- Procedure Code: 86003.
- Billed Units: 45.

Example 2

Claim Details:

- Procedure Code: 86003.
- Billed Units: 32.
- Member history shows 10 units approved from a prior DOS.

- Claims that exceed the maximum allowable units within a defined time period will be denied (e.g., within a specific date of service and/or over a duration of time).
- Refer to the policy for coverage criteria and unit allowances.
- Submit a corrected claim with allowable units.

SUMMARY

- The goal of the Laboratory Benefit Management program is to implement a solution to support appropriate laboratory science and reduce overutilization.
- The Laboratory Benefit Management program:
 - Is centered on laboratory science.
 - Uses evidence-based policies that ensure the right test is ordered to inform the right care.
 - Promotes consistency of routine testing across all patients and places of service.
 - Supports education of network providers to increase policy adherence.
 - Improves patient quality, access, and affordability of lab care.
 - Enhances the patient health care experience.

REVISION HISTORY

DATE	REVISION
5/2026	Updated Avalon Clinical Advisory Board members on page 6
10/2024	- Added Examples of Claim Decision Responses with Descriptions 'Sample Policy Summary' title on page 13 updated to 'Sample Policy Overview Example' - Additional Examples added for clarity - Added following titles to "Table of Contents" - Sample Policy Overview Example - Examples of Avalon Policy Enforcement Application - Examples of Claim Decision Responses
8/2024	'Locating Policy Information' section on page 10 updated to include hyperlink to July 2024 Provider Newsletter regarding expansion. - Added 'Revision History' to denote any changes. All future changes and/or annual reviews will be noted here. - Reviewed all other content for accuracy; no other updates required.
5/2023	Training Guide created to support Lab Benefit Program. Communication in May 2023 Office Visit Provider Newsletter.