



Allergy Testing in Texas Medicaid

Quest Diagnostics Clinical Laboratories, Inc.

Results in Brief

Why OIG Conducted This Audit

The Texas Health and Human Services Office of Inspector General Audit and Inspections Division (OIG Audit) initiated this audit in response to an analysis identifying Texas Medicaid members whose allergy blood test encounter data exceeded the allowable limit. The analysis was based on encounter data.

During the audit scope, Quest Diagnostics Clinical Laboratories, Inc. (Quest Diagnostics) provided allergy blood test services to 12,061 Texas Medicaid members, for which it received reimbursements totaling \$669,140.07.

Summary of Review

The audit objective was to determine whether claims submitted by Quest Diagnostics for allergy blood tests complied with selected Texas Medicaid Provider Procedure Manual (TMPPM) guidelines.

The audit scope covered the period from September 1, 2021, through August 31, 2022.

Management Response

Quest Diagnostics agreed with the audit recommendation and indicated it would implement corrective actions.

For more information, contact:
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Key Results

The Texas Health and Human Services Office of Inspector General Audit and Inspections Division (OIG Audit) tested a targeted sample of 30 encounters that used procedure code 86003, which is limited to testing for 30 allergens per rolling year, per Medicaid member and requires prior authorization if the limit is exceeded. The sample was selected from a population of encounters that exceeded the 30-allergen limit.

For 11 of 30 (37 percent) allergy blood test encounters tested, Quest Diagnostics submitted claims and was reimbursed for testing more than 30 allergens without prior authorization. The 11 encounters consisted of an average of 46 allergens tested.

Quest Diagnostics performs tests and submits claims for the number of allergens requested by the physician, even if the request is beyond the limit, and relies on the managed care organization (MCO) to pay or deny claims according to its guidelines. Cook Children's Health Plan, the MCO that paid the claims, follows the Texas Medicaid Provider Procedure Manual (TMPPM) requirements for prior authorization approval when testing over the 30-allergen limit with documentation of medical necessity. Quest Diagnostics did not obtain prior authorization before submitting the claims, resulting in an incorrect payment totaling \$2,207.52.

Quest Diagnostics was out of compliance for not obtaining prior authorization for performed services that the MCO was not obligated to pay for.

Recommendations

Quest Diagnostics should:

- Develop and implement a process to bill for allergy testing above the 30-allergen limit only with prior authorization when the MCO payer requires it.
- Review the payments it received for these claims to determine whether the MCOs reimbursed it correctly for actual services rendered.