

# LABORATORY ECONOMICS

*Competitive Market Analysis For Laboratory Management Decision Makers*

## UnitedHealthcare Cutting Back on Prior Authorizations

UnitedHealthcare has announced that it will drop prior authorization requirements for 154 CPT codes for genetic tests and 65 proprietary lab analysis (PLA) codes. These codes account for tens of thousands of prior authorization requests a year from commercial and Medicaid members, according to UHC. Removal of prior authorization requirements for these codes will become effective September 1 for commercial and Medicare Advantage plans and November 1 for Medicaid plans.

The list of genetic test codes for which UnitedHealthcare is dropping prior authorization requirements overlaps with many of the same codes under UHC's new Z-code requirement (see *Laboratory Economics*, July 2023, p. 1).

Effective October 1, UHC is requiring Z-codes on commercial claims for 136 CPT codes as well as 106 proprietary lab analysis codes. Z-codes are five-character alpha-numeric codes assigned to molecular diagnostic tests by Palmetto GBA's MolDx program. Z-code assignment includes a technical assessment that reviews each test's analytical validity, clinical validity and clinical utility.

Thomas Cronin, Vice President of Client Services at Quadax Inc. (Cleveland, OH), believes UHC's new policies may result in fewer prior authorization requests and medical record reviews for genetic tests. Quadax specializes in revenue cycle management for labs and its biggest client segment is independent molecular labs.



Thomas Cronin

Cronin believes that many, if not most, molecular labs have already acquired Z-codes for their genetic tests. Palmetto GBA's MolDx program and Z-codes are already in use by four out of seven Medicare Administrative Contractors (MACs) for Part B claims. In addition, UHC has been requiring Z-codes for its Medicare Advantage claims for more than one year. Cronin says the biggest issue facing molecular labs is ensuring they have systems in place to incorporate Z-codes into their commercial claims to UHC.

Any potential future expansion by UHC of Z-code requirements on commercial claims could target custom PCR-based test panels for respiratory viruses, gastrointestinal pathogens and urinary tract infections. "Individual PCR-based tests are well established in terms of coverage and reimbursement....But Z-codes and their related technical assessments could serve as a quasi-coverage policy for custom panels," observes Cronin.

Will other insurance plans follow UHC's lead? Cronin notes that Palmetto's MolDx program has been around for 10 years and only a handful of commercial payers have adopted it for their Medicare Advantage plans (e.g., BCBS of NC, Fallon Health, Medical Mutual of Ohio and UHC). "It remains to be seen if other insurers will follow UnitedHealthcare," notes Cronin.

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