



DEPARTMENT OF SOCIAL SERVICES  
DIVISION OF MEDICAL SERVICES  
700 GOVERNORS DRIVE  
PIERRE, SD 57501-2291  
PHONE: 605-773-3495  
FAX: 605-773-5246  
WEB: [dss.sd.gov](http://dss.sd.gov)

MEMORANDUM 2008-02

FROM: Randy Hanson  
Payment Control Officer, SURS

RE: Referring Labs Can Bill When Accepting Lab Not a SD Medicaid Provider

Effective January 1, 2007 the Division of Medical Services implemented coverage policies in coordination with the following Administrative Rule of South Dakota;

**67:16:03:14.01. Billing requirements.** A claim submitted under this chapter must be submitted at the provider's usual and customary charge.

For an outpatient laboratory test, the laboratory which actually performed the test must submit the claim for the test.

Under certain circumstances, independent labs participating in SD Medicaid cannot perform requested tests. Specimens are then sent out to independent labs, occasionally out-of-state who are not participating in SD Medicaid. These tests are then billed back to the referring lab.

This policy allows for the billing of lab tests to SD Medicaid by a participating lab that did not perform the test(s), ONLY when the participating lab cannot complete the tests as ordered by the referring physician, AND the outside lab receiving the applicable test(s) does not accept SD Medicaid.