CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-20 One-Time Notification	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 1134	**Date: November 1, 2012**
	Change Request 8007

SUBJECT: New Informational Unsolicited Response (IUR) Process to Identify Previously Paid Claims for Services Furnished to Incarcerated Medicare Beneficiaries

I. SUMMARY OF CHANGES: The intent of this CR is to create a new IUR process to identify and perform retroactive adjustments on any previously paid claims which may have been processed and paid erroneously during periods when the beneficiary data in the EDB did not reflect the fact that the beneficiary was incarcerated.

EFFECTIVE DATE: April 1, 2013
IMPLEMENTATION DATE: April 1, 2013

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	

III. FUNDING:
For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:
No additional funding will be provided by CMS; Contractors activities are to be carried out with their operating budgets

For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC statement of Work. The contractor is not obliged to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

One-Time Notification

**Unless otherwise specified, the effective date is the date of service.*

Attachment - One-Time Notification

Pub. 100-20	Transmittal: 1134	Date: November 1, 2012	Change Request: 8007

SUBJECT: New Informational Unsolicited Response (IUR) Process to Identify Previously Paid Claims for Services Furnished to Incarcerated Medicare Beneficiaries

EFFECTIVE DATE: April 1, 2013
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I. GENERAL INFORMATION

A. Background: Under Sections 1862(a)(2) and (3) of the Social Security Act, the Medicare program will not pay for services if the beneficiary has no legal obligation to pay for the services and if the services are paid for directly or indirectly by a governmental entity. Accordingly, the Centers for Medicare &Medicaid Services (CMS) presumes that a State or local government entity that has custody of a Medicare beneficiary under a penal statute has a financial obligation to pay for the cost of medical services and Medicare will, generally, not reimburse claims for services rendered to a beneficiary while he/she is in such custody.

Regulations at 42 Code of Federal Regulations (CFR) §411.4(b) state that "Payment may be made for services furnished to individuals or groups of individuals who are in the custody of the police or other penal authorities or in the custody of a government agency under a penal statute only if the following conditions are met: (1) State or local law requires those individuals or groups of individuals to repay the cost of medical services they receive while in custody, and (2) The State or local government entity enforces the requirement to pay by billing all such individuals, whether or not covered by Medicare or any other health insurance, and by pursing the collection of the amounts they owe in the same way and with the same vigor that it pursues the collection of other debts."

Federal benefit entitlement information is provided to CMS by the Social Security Administration (SSA) on a daily basis. Such information is housed in the Enrollment Database (EDB) within the Common Working File (CWF) and is used in the adjudication of claims for healthcare services provided to Medicare beneficiaries. When the SSA learns of a beneficiary's incarceration, the beneficiary's record in the EDB is updated to reflect that fact and the effective date (or "Start date") of the incarceration.

CMS Transmittal AB-02-164, Change Request (CR) 2022, issued on November 8, 2002, implemented a CWF edit to reject services billed to Medicare when information in the EDB indicates that, on the date of service, the beneficiary was incarcerated. Upon receipt of this CWF rejection, claims administration contractors were instructed to deny the claim(s).

The Office of Inspector General (OIG) has recently identified a vulnerability where there may be, in some instances, a period of time between when the beneficiary is incarcerated and when the SSA learns of this status and updates its records (and the CWF is subsequently updated). During this time, it's possible that Medicare fee-for-service claims for services would be paid erroneously because the beneficiary's entitlement data in the EDB is not up-to-date when the claims are adjudicated.

CMS has identified the Informational Unsolicited Response (IUR) process within CWF as a means to mitigate this vulnerability. An IUR identifies a claim that appears to need to be adjusted by a Medicare claims administration contractor. The CWF does not cancel the claim but returns information in Trailer 24. Upon receipt of the IUR the shared system software reads the trailer for each claim and an automated adjustment is performed. The contractor, when appropriate, initiates overpayment recovery procedures to retract Part A and/or Part B payment and generates an adjustment to update or cancel the claim on CWF and contractor history.

Therefore, the intent of this CR is to create a new IUR process to identify and perform retroactive adjustments on any previously paid claims which may have been processed and paid erroneously during periods when the beneficiary data in the EDB did not reflect the fact that the beneficiary was incarcerated.

B. Policy: Unless the conditions outlined in 42 CFR §411.4(b) are met, Medicare will, generally, not pay for medical items/services furnished to a beneficiary who was incarcerated on the date of service that the items/services were furnished. As such, CWF shall create a new IUR process to identify previously paid claims that contain dates of service (DOS) that partially or fully overlap a period when the beneficiary was incarcerated (exceptions noted in the business requirements below). The IUR process shall be initiated:

1. when there is an automatic update to the beneficiary's record in CWF via an EDB transaction which indicates a change to the beneficiary's "incarcerated" start date or end date, or
2. when there is a manual update to the beneficiary's record in CWF which indicates a change to the beneficiary's "incarcerated" start date or end date.

As with all IURs they receive, claims administration contractors shall initiate overpayment recovery procedures to recoup any Medicare Part A and/or Part B payments and generate adjustments to update or cancel the claims on CWF and contractor history.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement.

Number	Requirement	Responsibility										
		A/B MAC		DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				Other
		Part A	Part B					FISS	MCS	VMS	CWF	
8007.1	CWF shall create a new IUR process which will initiate: 1) when there is an automatic update to a beneficiary's record in CWF via an EDB transaction which indicates a change to the beneficiary's "incarcerated" start or end date, or 2) when there is a manual update to a beneficiary's record in CWF which indicates a change to the beneficiary's "incarcerated " start or end date.										X	
8007.1.1	CWF shall ensure that, upon its implementation, the IUR process from 8007.1 searches the most recent 3 years worth of claims in CWF history.										X	
8007.1.2	CWF shall ensure that, going forward from the date of its implementation, the IUR process only searches claims in CWF history with dates of service on or after the beneficiary's newly established "incarcerated" start date.										X	

Number	Requirement	Responsibility										
		A/B MAC		DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				Other
		Part A	Part B					FISS	MCS	VMS	CWF	
8007.2	CWF shall ensure that the IUR process identifies any previously paid claims where the "FROM" date of service on the claim(s) falls on or after the "incarcerated" start date.										X	
8007.2.1	CWF shall ensure that the IUR process identifies any previously paid claims with span dates of service when the beneficiary's "incarcerated" start date falls after the claim's "FROM" date but prior to the claim's "THROUGH" date, except as noted in BRs 8007.2.2 and 8007.2.3										X	
8007.2.2	CWF shall ensure that the IUR process does not identify previously paid claims with span dates of service for any DMEPOS HCPCS codes or drugs HCPCS codes when the beneficiary's "incarcerated" start date falls after the claim's "FROM" date but prior to the claim's "THROUGH" date.										X	
8007.2.3	CWF shall ensure that the IUR process does not identify previously paid inpatient acute care (xx0001 - xx0999) and long-term care (LTCH) hospital claims (xx2000 - xx2299) (paid under the Inpatient Prospective Payment System [IPPS] or LTCH PPS) when the beneficiary's "incarcerated" start date falls after the claim's "FROM" date but prior to the claim's "THROUGH" date.										X	
8007.3	Contractors shall, upon receipt of the CWF-generated IUR, initiate recoupment procedures using automated processes currently in use for IURs.	X	X	X	X	X	X	X	X	X		

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility					
		A/B MAC	DME	FI	CAR	RHH	Other

		Part A	Part B	MAC		RIER	I	
8007.4	MLN Article : A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X	X	X	X	X	X	

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A
Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Eric Coulson, eric.coulson@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR) or Contractor Manager, as applicable.

VI. FUNDING

Section A: For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs), and/or Carriers:
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