CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-20 One-Time Notification	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 544	**Date: August 28, 2009**
	Change Request 6599

Subject: Medicare Administrative Contractor (MAC) Transition and Outbound Health Insurance Portability and Accountability Act (HIPAA) Transactions

I. SUMMARY OF CHANGES: This Change Request (CR) instructs MCS and VMS to generate separate files, where applicable, for Remittance Advice (835) and Claim Status Response (277) transactions by appropriate contractor ID assigned to a MAC when a provider operating in multiple states has a single National Provider Identifier.

New / Revised Material
Effective Date: January 1, 2010
Implementation Date: January 4, 2010

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:
SECTION A: For Fiscal Intermediaries and Carriers:
No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

SECTION B: 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 obligated 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: 544	Date: August 28, 2009	Change Request: 6599

SUBJECT: Medicare Administrative Contractor (MAC) Transition and Outbound Health Insurance Portability and Accountability Act (HIPAA) Transactions

Effective Date: January 1, 2010

Implementation Date: January 4, 2010

I. GENERAL INFORMATION

A. Background: The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) enabled the Centers for Medicare & Medicaid Services (CMS) to make significant changes to the Medicare fee-for-service program's administrative structure. Through implementation of Medicare Contracting Reform, CMS is integrating the administration of Medicare Parts A and B for the fee-for-service benefit to new entities called Medicare Administrative Contractors (MACs). This operational integration combine's information once held separately, creating a platform for advances in the delivery of comprehensive care to Medicare beneficiaries. CMS designed the new MAC jurisdictions to balance the allocation of workloads, promote competition, account for integration of claims processing activities, and mitigate the risk to the Medicare program during the transition to the new contractors. The result is jurisdictions that reasonably balance the number of fee-for-service beneficiaries and providers across states. For example contract for the combined administration of Part A and Part B Medicare fee-for-service claims in Jurisdiction 5 (J5) covers Iowa, Kansas, Missouri, and Nebraska. CMS assigned multiple contractor numbers to cover all states under Jurisdiction 5. As an example for MAC J 5 the following identifiers were assigned:

For MAC J 5 the following contractor numbers were assigned to cover Part A workload

STATE	CONTRACTOR ID
Iowa	05101
Kansas	05201
Missouri	05301
Nebraska	05401

For MAC J 5 the following contractor numbers were assigned to cover Part B workload

STATE	CONTRACTOR ID
Iowa	05102
Kansas	05202
Western Missouri	05302
Eastern Missouri	05392
Nebraska	05402

It has been brought to our attention that when there is a provider with a single National Provider Identifier (NPI) who provides service across multiple states, the MCS generated 835 (Health Care Claim Payment/Advice) and 277 (Health Care Claim Status Notification) do not report the appropriate contractor ID in the envelope. The outbound transaction reports the first contractor ID in the envelope when the transaction includes multiple claims/status responses from a provider covering multiple states. This creates an issue for clearing houses trying to forward the correct 835/277 to the appropriate provider location.

B. Policy: The professional outbound files shall be separated by appropriate contractor ID number assigned to a MAC.

II. BUSINESS REQUIREMENTS TABLE

Use"Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
6599.1	MCS shall generate separate files by appropriate contractor IDs assigned to a MAC covering multiple states for the following outbound transactions for a provider with a single NPI operating across multiple states : 835 – Health Care Claim Payment/Advice 277 – Health Care Claim Status Notification							X			

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
6599.2	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 site 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 your 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									

IV. SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below: N/A

Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
None.	

Section B: For all other recommendations and supporting information, use this space: N/A

V. CONTACTS

Pre-Implementation Contact(s): Sumita Sen 410-786-5755

Post-Implementation Contact(s): Sumita Sen 410-786-5755

VI. FUNDING

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

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets

Section B: *For Medicare Administrative Contractors (MACs),* include the following statement:

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 obligated 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.