CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-20 One-Time Notification	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 963	**Date: October 14, 2011**
	Change Request 6421

Transmittal 823, dated December 16, 2010, is being rescinded and replaced by Transmittal 963 to remove a doctor of chiropractic medicine from the list of providers who can order and refer Medicare services. All other information remains the same.

SUBJECT: Expansion of the Current Scope of Editing for Ordering/Referring Providers for Durable Medical Equipment, Prosthetics, Orthotics, and Supplier (DMEPOS) Suppliers Claims Process by Durable Medical Equipment Medicare Administrative Contractors (DMEMACs)

I. SUMMARY OF CHANGES: Section 1833(q) of the Social Security Act requires that all physicians and non-physician practitioners that meet the definitions at section 1861(r) and 1842(b)(18)(C) be uniquely identified for all claims for services that are ordered or referred. Effective January 1, 1992, a physician or supplier that bills Medicare for a service or item must show the name and unique identifier of the ordering/referring provider on the claim if that service or item was the result of an order or referral. The Centers for Medicare and Medicaid Services (CMS) is expanding the claim editing to meet the Social Security Act requirements for ordering and referring providers.

Effective Date for Phase 1: October 1, 2009
Implementation Date for Phase 1 - October 5, 2009 (Further development and coding)

Effective Date for Phase 2: July 1, 2011
Implementation date for Phase 2: July 5, 2011 (Actual Implementation)

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

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; contractor activities are to be carried out within 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 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

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Implementation date for Phase 2: July 5, 2011 (Actual Implementation)

I. GENERAL INFORMATION

A. Background: The Centers for Medicare & Medicaid Services (CMS) is expanding the claim editing to meet the Social Security Act requirements for ordering and referring providers. The following are the only providers who can order/refer beneficiary services under the Medicare program:

- doctor of medicine or osteopathy
- dental medicine
- dental surgery
- podiatric medicine
- optometry
- physician assistant
- certified clinical nurse specialist
- nurse practitioner
- clinical psychologist
- certified nurse midwife
- clinical social worker

The claim editing is being expanded to verify that the ordering/referring provider on a claim is eligible to order/refer and is enrolled in Medicare. The editing expansion will be done in two phases.

Phase 1 –Common Electronic Data Interchange (CEDI) and Viable Medicare Systems (VMS) will receive a national file from the Provider Enrollment, Chain and Ownership System (PECOS) of only the physicians and non-physician practitioners who are enrolled in PECOS who are of the specialty eligible to order or refer under the Medicare program. Nightly thereafter, CEDI and VMS will receive a national PECOS file of newly added physicians and non-physician practitioners and of physicians and non-physician practitioners who were on the initial file or any nightly file whose data have been updated. When a claim is received, CEDI will determine if the ordering/referring provider is required for the billed service. If the billed service requires an ordering/referring provider and the ordering/referring provider is not on the claim, the claim will not be paid. If the ordering/referring provider is on the claim, CEDI will verify that the ordering/referring provider is on the national PECOS file. If the ordering/referring provider is not on the national PECOS file, the claim will continue to process.

Phase 2 – As stated above, CEDI and VMS will still receive a national file from PECOS and will determine if the ordering/referring provider is required for the billed service. If the billed service requires an ordering/referring provider and the ordering/referring provider is not on the claim, the claim will not be paid. If the ordering/referring provider is on the claim, CEDI will verify that the ordering/referring provider is on the national PECOS file. If the ordering/referring provider is not on the national PECOS file, the claim will not be paid.

In both phases, CEDI will use this process to determine if the ordering/referring provider on the claim matches the providers in the national PECOS file: CEDI will verify the National Provider Identifier (NPI) of the ordering/referring provider reported on the claim against the national PECOS file. If a match is not found, the claim will not be paid. If a match is found, CEDI will then compare the first letter of the first name and the first 4 letters of the last name of the matched record. If the names match, the ordering/referring provider on the claim is considered verified. If the names do not match, the claim will not be paid. VMS will perform validation on paper claims to verify that the ordering physician is active in one of the accepted specialties.

A provider is considered as enrolled in Medicare for the purpose of ordering /referring a service to a beneficiary if they are found in the PECOS file. All providers should be verifying their enrollment on the CMS on-line enrollment systems known as Internet-based PECOS.

This change request does not apply to National Council of Prescription Drug Programs (NCPDP) retail pharmacy drug claims.

B. Policy: Section 1833(q) of the Social Security Act requires that all physicians and non-physician practitioners that meet the definitions at section 1861(r) and 1842(b)(18)(C) be uniquely identified for all claims for services that are ordered or referred. Effective January 1, 1992, a physician or supplier that bills Medicare for a service or item must show the name and unique identifier of the ordering/referring provider on the claim if that service or item was the result of an order or referral. Effective May 23, 2008, the unique identifier must be an NPI. In addition, only Medicare-enrolled physicians and non-physician practitioners as defined above are eligible to order/refer services for Medicare beneficiaries.

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	
6421.1	PECOS shall provide an initial file of all physician's and non-physician practitioners nationally who are enrolled and are eligible to order /refer. This will include inactive and deceased providers.										PECOS
6421.1.1	PECOS shall provide a format of the file to CEDI and VMS. The file will consist of the following data element: 1. first, middle and last name 2. NPI 3. Effective date (if available)										PECOS

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	
	4. Termination date (if available) 5. CMS specialty code and description										
6421.1.2	PECOS file naming convention and file location shall be determined as part of the implementation plan developed between CEDI, VMS, CMS and PECOS.										PECOS VMS CMS DPFS CEDI
6421.1.3	The Form CMS 1500 claim form states to not use periods or commas within the name. A hyphen can be used for hyphenated names. Therefore, contractors shall ignore special characters received from PECOS except for hyphens.		X						X		CEDI
6421.1.4	Contractors shall not use the effective date, termination dates, CMS specialty code and description fields. These fields are currently information fields only.		X						X		CEDI
6421.2	PECOS shall provide a nightly file of only physicians or non-physician practitioners who are newly added to PECOS or who were on the initial or earlier nightly files and who have a change of information.										PECOS EDC
6421.3	Contractors shall determine if ordering/referring provider is on a claim which has a date of receipt on or after the implementation date.		X						X		CEDI
6421.4	The contractors shall reject a claim for a service which requires an ordering/referring provider and the information is not provided.		X						X		CEDI
6421.5	If a service on a claim, which requires ordering/referring provider information and is provided, the contractor shall use the NPI and legal name submitted to verify provider is on the PECOS file.										CEDI
6421.6	Phase 1 – contractors shall initially process the claim if the ordering/referring provider is not found on the PECOS file.		X						X		CEDI
6421.7	Phase 2 **(effective July 1, 2011, implementation July 5, 2011)** - contractors shall reject service if the ordering/referring provider is not found on the PECOS file.		X						X		CEDI
6421.8	Contractors shall reflect the ordering/referring name received on the first claim line on the MSN, regardless of how many different ordering physicians are received on the claims.		X						X		
6421.8.1	Contractor shall continue to not include a placeholder NPI on the MSN.		X						X		
6421.9	In a new report, CEDI shall indicate the number of claims which require an ordering/referring physician or non-physician that are submitted and the number of										CEDI

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	
	claims that are rejected.										
6421.10	Contractors shall reject as unprocessable a claim submitted with an EY modifier on one or more but not all service lines and an ordering/referring provider is missing.		X						X		CEDI
6421.11	Contractors shall bypass the PECOS match logic for claims submitted with an EY modifier on all services even if the ordering/referring provider is missing.		X						X		CEDI

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	
6421.12	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 1 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						X		CEDI

IV. SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below:
Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
N/A	

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

V. CONTACTS

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Post-Implementation Contact(s): Sandra Olson 410-786-1325 sandra.olson@cms.hhs.gov Patricia Peyton 410-786-1812 patricia.peyton@cms.hhs.gov

VI. FUNDING

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

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