



Related MLN Matters Article #: MM3592

Date Posted: February 10, 2005

Related CR #: 3592

### *Skilled Nursing Facility (SNF) Consolidated Billing Service Furnished Under an "Arrangement" with an Outside Entity*

#### Key Words

SNF, CR3248, Arrangement, CR3592, MM3592, PPS, Excluded, Services, Entity, Outside, Agreement, 42 CFR 489.20(s), Section 1866(g)

#### Provider Types Affected

Any physician, provider or supplier who renders a Medicare-covered service subject to consolidated billing to a SNF resident

#### Key Points

- The effective date of the instruction is May 21, 2004.
- The implementation date is January 24, 2005.
- MLN Matters article MM3592 is informational only and clarifies instructions CR3248, issued on May 21, 2004.
- SNFs must include almost all of the services a resident receives during a covered stay on its Part A claim submitted to its Medicare intermediary.
- SNFs should not include on the claim, those services which are excluded from the SNF's prospective payment system (PPS) per diem payment for the particular stay.
- These excluded services continue to be separately billable under Part B by those outside suppliers that actually furnish the service.
- Part B bills for certain types of items or equipment are submitted to the Medicare durable medical equipment regional carrier (DMERC).
- SNFs must provide any Part A or Part B service that is subject to SNF consolidated billing either directly with its own resources, or through an outside entity (e.g., a supplier) under an "arrangement," as set forth in Section 1861(w) of the Act.
- If an outside entity provides a service that is subject to SNF consolidated billing to a SNF resident during a covered stay, the outside entity must look to the SNF for payment (rather than billing under Part B).

- Medicare's payment to the SNF represents payment in full for the arranged-for service, and the SNF in turn is responsible for making payment to an outside entity that furnishes a service which is included in the SNF's prospective payment system (PPS) per diem payment.
- SNFs should document, in writing, arrangements with suppliers that render services on an ongoing basis (e.g., pharmacies, laboratories and x-ray suppliers) to the SNF's patients.
- When ordering or providing services "under arrangement," the parties reach a mutual understanding of all the payment terms, e.g., how to submit an invoice, how payment rates are determined, and how long it will take for payment after the supplier presents an invoice to the SNF.
- Absence of an agreement with its supplier (written or not) does not relieve the SNF of its responsibility to pay suppliers for services "bundled" in the SNF PPS payment from Medicare
- The SNF must be considered the responsible party (even in cases where it did not specifically order the service) when beneficiaries in Medicare Part A stays receive medically necessary supplier services, because the SNF has already been paid under the SNF PPS.
- All SNFs, under the terms of their Medicare provider agreement, must comply with program regulations.
- These regulations require a valid arrangement to be in place between the SNF and any outside entity providing resident services subject to consolidated billing.
- Under Section 1862(a)(18) of the Act, there is no valid "arrangement" if a SNF obtains services subject to consolidated billing from an outside supplier but refuses to pay the supplier for those services.
- The SNF's provider agreement includes a section requiring a specific commitment to comply with the requirements of the consolidated billing provision (see Section 1866(a)(1)(H)(ii) of the Act and the regulations at 42 CFR 489.20(s)).
- Also Section 1866(g) of the Act imposes a civil money penalty on any person who knowingly and willfully presents (or causes to be presented) a bill or request for payment inconsistent with an arrangement or in violation of the requirement for such an arrangement.

### Important Links

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM3592.pdf>

<http://www.cms.hhs.gov/Transmittals/downloads/R412CP.pdf>