Related MLN Matters Article #: MM5424

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Related CR #: 5424

Enhance the Multi-Carrier System (MCS) to Avoid Duplicate Payments When a Full Claim Adjustment is Performed.

Key Words

MM5424, CR5424, R26OTN, Mullti-Carrier, System, MCS, Duplicate, Payments, Full, Adjustment, Claims

Provider Types Affected

Physicians and other providers who bill Medicare Carriers or Part A/B Medicare Administrative Contractors (A/B MACS) for services

Key Points

- The effective date of the instruction is April 1, 2007.
- The implementation date is April 2, 2007.
- In the MCS system, when a claim is adjusted because of an overpayment, an accounts receivable (A/R) is created, and a demand letter is sent by the carrier or A/B MAC to the provider.
- In the MCS system, when a claim is adjusted because of an underpayment, payment is automatically sent to the provider.
- If the claim adjustment (that created the overpayment) later turns out to be incorrect, the carrier or A/B MAC must adjust the claim again. The two most common reasons for this are: problems with the original overpayment identification and an appeal decision favorable to the provider.
- When the claim adjustment occurs a second time (to allow for correct history), the MCS system will automatically issue payment to the provider. In many cases, this second payment is duplicative and requires an offset from the provider to collect the duplicate payment.
- The MCS System Maintainer has designed full claim adjustment to act as a full claim void and replace in accordance with the collective understanding of the requirements for Health Insurance Portability and Accountability Act .
- This design was developed using a process whereby if an adjustment creates an overpayment, an A/R is created and a subsequent adjustment assumes that the A/R has either been recouped or will be recouped.

- An example of the process follows:
  - A claim is processed and $100 is paid to the provider.
  - It is determined that there is an overpayment of $100.
  - The claim is adjusted to show the denial (minus $100) and an A/R for $100 is created.
  - The claim payment total from the first adjustment is $0 ($100 minus $100).
  - The A/R has not yet been collected and the provider appeals.
  - The appeal decision is in the provider's favor.
  - A second adjustment is performed to show the claim as paid (+ $100).
  - The second adjustment calculates its payment based on the previous adjustment.
  - Since the previous adjustment reads $0.00 (because the claim was denied), the second adjustment calculated a payment of $100 to the provider.
  - The claim payment total from the second adjustment is $100 ($0 + $100).
  - A $100 check is issued because MCS cannot suppress the check.
  - Since the A/R was never collected, the provider has been paid twice.
- Medicare carriers and A/B MACs have, to date, used a manual system to avoid duplicate payments.
- The MCS system will now have the ability to suppress duplicate payments when a full claim adjustment is performed on a previous overpayment adjustment.

Important Links

The related MLN Matters article can be found at *http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5424.pdf* on the CMS website.

The official instruction (Change Request 5424) issued is available at *http://www.cms.hhs.gov/Transmittals/downloads/R260OTN.pdf* on the CMS website.

If providers/suppliers have questions, they may contact their Medicare carriers or A/B MACS at their toll-free number, which may be found at *http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip* on the CMS website.