

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services



**News Flash** – Podcasts from the Thursday, July 21 National Provider Call “The ABCs of the Initial Preventive Physical Examination (IPPE) and Annual Wellness Visit (AWV)” are now available. **Short on time?** Podcasts are perfect for the office, in the car, or anywhere you carry a portable media player or smart phone. Two podcasts are now available at <http://www.CMS.gov/MLNProducts/MLM/itemdetail.asp?itemID=CMS1249934> on the CMS website. The 2 audio podcasts for the IPPE and AWV with corresponding written transcripts, as well as the full audio and written transcript of the call can be accessed by scrolling to the “Downloads” section at the bottom of the page.

MLN Matters® Number: MM7678 **Revised**

Related Change Request (CR) #: 7678

Related CR Release Date: March 7, 2012

Effective Date: July 1, 2012

Related CR Transmittal #: R1054OTN

Implementation Date: July 2, 2012

### **Use of Revised Remittance Advice Remark Code (RARC) N103 When Denying Services Furnished to Federally Incarcerated Beneficiaries**

**Note:** This article was revised on March 9, 2012 to reflect the revised CR7678 issued on March 7. In this article, the CR release date, transmittal number, and the Web address for accessing CR7678 were revised. All other information is the same.

#### **Provider Types Affected**

Providers submitting claims to Medicare contractors (Fiscal Intermediaries (FIs), carriers, A/B Medicare Administrative Contractors (MACs) and Durable Medical Equipment MACs or DME MACs) for Medicare beneficiaries who are incarcerated in a Federal facility.

#### **Disclaimer**

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## Provider Action Needed

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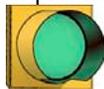
### STOP – Impact to You

This article is based on Change Request (CR) 7678 which informs Medicare contractors that the Centers for Medicare & Medicaid Services (CMS) is amending Remittance Advice Remark Code (RARC) N103 to include language that further explains the newly modified RARC N103—denying claims for services to federally incarcerated beneficiaries.



### CAUTION – What You Need to Know

CR7678 is limited to providers billing for services for beneficiaries while they are in Federal, State, or local custody and the goal of this CR7678 is to be more specific in explaining the accompanying adjustment.



### GO – What You Need to Do

See the Background, Key Points, and Additional Information Sections of this article for details regarding these changes.

## Background

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The following exclusions presumptively apply to individuals who are incarcerated in a Federal facility under Federal authority:

- According to Federal regulations at 42 Code of Federal Regulations (CFR) Section 411.4 Medicare does not pay for services furnished to a beneficiary who has no legal obligation to pay for the service and no other person or organization has a legal obligation to provide or pay for the service;
- Under 42 CFR 411.6, Medicare does not pay for services furnished by a federal provider of services or by a federal agency; and
- Under 42 CFR 411.8, Medicare does not pay for services that are paid for directly or indirectly by a governmental entity.

## Key Points

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When denying claims for services furnished to federally incarcerated Medicare beneficiaries, the newly modified RARC N103 will be used (in addition to remittance advice language already in use) and it reads as follows:

“Social Security records indicate that this patient was a prisoner when the service was rendered. This payer does not cover items and services furnished to an

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individual while he or she is in a Federal facility, or while he or she is in State or local custody under a penal authority, unless under State or local law, the individual is personally liable for the cost of his or her health care while incarcerated and the State or local government pursues such debt in the same way and with the same vigor as any other debt.”

## Additional Information

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The official instruction, CR7678, issued to your Medicare contractors (FIs, A/B MACs, DME MACs, and carriers) regarding this change, may be viewed at <http://www.cms.gov/Transmittals/downloads/R1054OTN.pdf> on the CMS website.

If you have any questions, please contact your Medicare contractor at their toll-free number, which may be found at <http://www.cms.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

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