

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



**News Flash:**

New product from the Medicare Learning Network® (MLN)

- ["Medicare Quarterly Provider Compliance Newsletter \[Volume 2, Issue 2\]"](#), Educational Tool, ICN 907703, Downloadable

MLN Matters® Number: MM7706

Related Change Request (CR) #: 7706

Related CR Release Date: January 20, 2012

Effective Date April 22, 2012

Related CR Transmittal #: R2388CP

Implementation Date April 22, 2012

## Update to Pub 100-04, "Medicare Claims Processing Manual," Chapter 3: Inpatient Hospital Billing

### Provider Types Affected

All providers submitting claims to Medicare contractors (Fiscal Intermediaries (FI) and A/B Medicare Administrative Contractors (MACs) for Medicare beneficiaries are affected.

### What You Need to Know

This article is based on Change Request (CR) 7706 which clarifies billing instructions in the "Medicare Claims Processing Manual" when Life Time Reserve (LTR) days exhaust during the non-outlier portion of an Inpatient Prospective Payment System (IPPS) stay. There are no policy changes with this instruction and this article serves as informational by providing two examples conveyed in CR7706 in order to provide clarification.

### Background

The Centers for Medicare & Medicaid Services (CMS) is clarifying billing instructions in the "Medicare Claims Processing Manual", Chapter 3, Inpatient Hospital Billing, Section 40, Billing Coverage and Utilization Rules for PPS and Non-PPS Hospitals

#### Disclaimer

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when LTR days exhaust during the non-outlier portion of an IPPS stay. A new example has been added to this section to show how to utilize Occurrence Span Code 70 when the beneficiary only has LTR days remaining and they are exhausted during the stay. The clarification is as follows:

If the beneficiary had one or more regular benefit days (full or coinsurance days) remaining in the spell of illness when admitted, there is no advantage in using lifetime reserve days. The beneficiary is deemed to have elected not to use lifetime reserve days for the non-outlier (Day outliers were discontinued at the end of FY 1997) portion of the stay. IPPS uses Occurrence Span code 70 for the covered non-utilization period after regular benefit days are exhausted or when only LTR days are exhausted.

For example:

**EXAMPLE 1: No Cost Outlier, only LTR Days available and Exhaust prior to discharge:**

Dates of Service:	01/05 – 01/16
Medically necessary days	11
Benefit days available Value Code (VC) 83:	1 LTR
Covered days VC 80:	1
Noncovered days VC 81	10
Cost report days:	11
OC A3:	01/15(includes covered non-utilization period)
Occurrence Span Code (OSC) 70:	01/06 – 01/15
Room & Board revenue code	11 Total & Covered units
Medicare approved revenue codes	Charges in covered
Reimbursement:	Full DRG payment, no cost outlier
Beneficiary Liability:	LTR copayment amount

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<b>EXAMPLE 2: No Cost Outlier, Coinsurance Days available and Exhaust prior to discharge</b>	
Dates of Service:	01/05 – 01/16
Medically necessary days	11
Benefit days available VC 82:	3 Coinsurance
Covered days VC 80:	3
Noncovered days VC 81	8
Cost report days:	11
OSC 70:	01/08 – 01/15
Room & Board revenue code	11 Total & Covered units
Medicare approved revenue codes	Charges in covered
Reimbursement:	Full DRG payment, no cost outlier
Beneficiary Liability:	Coinsurance copayment amount

### Additional Information

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The official instruction, CR7706 issued to your FI and A/B MAC regarding this change may be viewed a <http://www.cms.gov/Transmittals/downloads/R2388CP.pdf> on the CMS website.

If you have any questions, please contact your FI or A/B MAC 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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