

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



MLN Matters® Number: MM9818 **Revised** Related Change Request (CR) #: CR 9818

Related CR Release Date: February 14, 2017 Effective Date: October 1, 2013

Related CR Transmittal #: R3718CP Implementation Date: April 3, 2017

Instructions to Process Services Not Authorized by the Veterans Administration (VA) in a Non-VA Facility Reported with Value Code (VC) 42

Note: This article was revised on February 17, 2017, to reflect a revised CR9818 issued on February 14. In the article, the CR release date, transmittal number, and the Web address for accessing the CR were revised. All other information remains the same.

Provider Types Affected

This MLN Matters® Article is intended for hospitals and skilled nursing facilities who submit inpatient claims to Medicare Administrative Contractors (MACs) for services provided to Medicare beneficiaries.

Provider Action Needed

Change Request (CR) 9818 corrects a misinterpretation of the changes made with CR8198 - Updating the Shared Systems and Common Working File (CWF) to no Longer Create Veteran Affairs (VA) "I" records in the Medicare Secondary Payer (MSP) Auxiliary File. CR9818 clarifies how Medicare contractors will process inpatient claims for services in a Non-VA facility that were not authorized by the VA. Make sure that your billing staff are aware of these changes.

Background

The [Social Security Act \(Section 1862\(a\) \(3\)\)](#) precludes Medicare from making payment for services or items that are paid for directly or indirectly by another government entity.

The Centers for Medicare & Medicaid Services (CMS) issued MLN Matters® [Special Edition Article \(SE\) 1517](#) to provide clarification and coding reminders for billing

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Medicare when the Department of Veterans Affairs (VA) is involved for a portion of the services.

CMS was recently notified of a scenario where a hospital cannot follow the instructions in SE 1517 to split the claim to bill Medicare for only the non-VA authorized services as instructed in SE 1517.

Currently hospitals submit no pay inpatient claims paid by the VA to Medicare for the purpose of crediting the Part A deductible and coinsurance amounts. This process is not changing.

Medicare is precluded from making payment for services or items that are paid for directly or indirectly by another government entity. For inpatient claims where the VA is the Payer, the covered VA services are exclusions to the Medicare program per Section 1862 of the Social Security Act. If the VA doesn't approve all the services, any Medicare covered services not considered by the VA may be billed to the Medicare program.

When a VA-eligible beneficiary chooses to receive services in a Medicare Certified Facility for which the VA has not authorized, the facility shall use Condition Code 26 to indicate the patient is a VA eligible patient and chooses to receive services in a Medicare Certified provider instead of a VA facility and value code 42 with the amount of the VA payment for the authorized days.

MACs will accept value code '42' on inpatient claims with type of bill codes 11X, 18X, 21X, 41X and 51X. MACs will calculate the Medicare payment for an inpatient claim when condition code '26' and value code '42' are present on a claim. However, MACs will return the claim to the provider if CC '26' is present without VC '42' or vice versa.

Additional Information

The official instruction, CR9818, issued to your MAC regarding this change is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2017Downloads/R3718CP.pdf>.

Special Edition Article (SE) 1517 is available at <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/SE1517.pdf>.

If you have any questions, please contact your MAC at their toll-free number. That number is available at <https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/Review-Contractor-Directory-Interactive-Map/>.

Document History

- October 31, 2016 - Initial issuance
- February 17, 2017 - Article updated to reflect a revised CR9818 issued on February 14, 2017. In the article, the CR release date, transmittal number, and the Web address for accessing the CR were revised. All other information remains the same.

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