

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



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Instructions on Utilizing 837 Institutional Claim Adjustment Segment (CAS) for Medicare Secondary Payer (MSP) Part A Claims in Direct Data Entry (DDE) and 837I 5010 Claims Transactions

Provider Types Affected

This MLN Matters® Article is intended for providers submitting Medicare MSP claims to Medicare Administrative Contractors (A/MACs) for services provided to Medicare beneficiaries.

Provider Action Needed



STOP – Impact to You

The Centers for Medicare & Medicaid Services (CMS) issued Change Request (CR) 8486 to inform you about the changes necessary for MSP payment calculations from incoming DDE and the paper claim transactions.

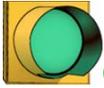


CAUTION – What You Need to Know

CR 8486 is limited to providers billing Part A claims.

Disclaimer

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GO – What You Need to Do

Include your CAS segment adjustments from the primary payer(s) remittance advice report (835 electronic remittance advice (ERA) or paper remittance) on your 837I transaction, DDE, or your paper claim when you send your claim to Medicare for secondary payment. These adjustments are needed to process your MSP Part A claims and for Medicare to make a correct payment. This includes all adjustments made by the primary payer, which explains why the claim's billed amount was not fully paid.

Background

The Health Insurance Portability and Accountability Act (HIPAA) requires that Medicare, and all other health insurance payers in the United States, comply with the Electronic Data Interchange (EDI) standards for health care as established by the Secretary of Health and Human Services. The X12N 837 implementation guides have been established as the standards of compliance for claim transactions, and the implementation guides for each transaction are available at <http://www.wpc-edi.com> on the Internet.

The instructions in CR 8486 ensure Medicare's compliance with HIPAA transaction and code set requirements and ensure that MSP claims are properly calculated, using payment information derived from the paper, DDE, or incoming 837I, Institutional claim. This updates instructions from CR 6426 which did not allow the acceptance of DDE claims. Additionally, paper, DDE, and 837I claims can be adjusted or corrected utilizing the DDE.

The instructions detailed by CR8486 ensure that Medicare's secondary payment for Part A MSP claim is based on:

1. Provider charges, or the amount the provider is obligated to accept as payment in full (OTAF), whichever is lower. In the case where there are multiple primary payers to Medicare the lowest OTAF is used, unless the Medicare covered charges are lower;
2. What Medicare would have paid as the primary payer; and
3. The primary payer(s) payment.

MSP policy also defines what must be considered when processing MSP claims. This includes adjustments made by the primary payer(s), which, for example, explains why the claim's billed amount was not fully paid. Adjustments made by the payer are reported in the CAS segments on the 835 ERA or paper remittance. The provider must take the CAS segment adjustments, as found on the 835 standard format or crosswalk them if they were not received in the standard format, and report these adjustments with the paper, DDE, or 837I, unchanged, when sending the claim to Medicare for secondary payment. To review specific examples of 837I claims transactions see the MSP manual revisions in the attachment in CR 8486.

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Additional Information

The official instruction, CR 8486 issued to your A/B/MAC regarding this change may be viewed at <http://www.cms.hhs.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R116MSP.pdf> on the CMS website.

If you have any questions, please contact your A/B/MAC at their toll-free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

For a Fact Sheet detailing Medicare Secondary Payer for Provider, Physician, and Other Supplier Billing Staff you may go to: http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/MSP_Fact_Sheet.pdf on the CMS website.

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