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| CMS Manual System | Department of Health & Human Services (DHHS) |
| Pub 100-04 Medicare Claims Processing | Centers for Medicare & Medicaid Services (CMS) |
| Transmittal 1099 | Date: NOVEMBER 2, 2006 |
| | Change Request 5354 |

SUBJECT: New Edits Established to Enforce Proper Transfer Coding and Payment in Inpatient Rehabilitation Facility Prospective Payment System (IRF PPS) Claims

I. SUMMARY OF CHANGES: Two recent Office of Inspector General (OIG) reports were published this year describing overpayments made by the Medicare program because of improperly coded IRF PPS claims (claims coded as discharges that were found to be transfers). The OIG recommended that CMS implement edits within the Common Working File (CWF) that "match beneficiary discharge dates with admission dates to other providers to identify potentially miscoded claims". Claims identified as transfers will be canceled back to the provider for correction and thus ensure proper payment.

NEW / REVISED MATERIAL

EFFECTIVE DATE: April 1, 2007

IMPLEMENTATION DATE: April 2, 2007

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

| | |
|-------|--|
| R/N/D | Chapter / Section / Subsection / Title |
| N/A | |

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2007 operating budgets.

IV. ATTACHMENTS:

One-Time Notification

**Unless otherwise specified, the effective date is the date of service.*

| Number | Requirement | Responsibility (place an "X" in each applicable column) | | | | | | | | | | |
|--------|---|---|---------------------------|---------------------------|--------------------------------|----------------------|----------------------|-----------------|---------------------------|-------------|--|--|
| | | A / B M A C | D M M A C | F I I E R | C A R I E R | D M R C | R M R I | H H I | Shared-System Maintainers | | | |
| | | | | | | | F I S S | M C S | V M S | C W F | | |
| | free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly. | | | | | | | | | | | |

IV. SUPPORTING INFORMATION

A. For any recommendations and supporting information associated with listed requirements, use the box below:

Use "Should" to denote a recommendation.

| X-Ref Requirement Number | Recommendations or other supporting information: |
|--------------------------|--|
| N/A | |

B. For all other recommendations and supporting information, use the space below:

V. CONTACTS

Pre-Implementation Contact(s): Sarah Shirey-Losso at sarah.shirey-losso@cms.hhs.gov and Valeri Ritter at Valeri.ritter@cms.hhs.gov

Post-Implementation Contact(s): Appropriate CMS Regional Office

VI. FUNDING

A. For TITLE XVIII Contractors, use only one of the following statements:

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.

B. For Medicare Administrative Contractors (MAC), use only one of the following statements:

The contractor is hereby advised that this constitutes technical direction as defined in your contract. We do not construe this as a change to the Statement of Work (SOW). The contractor is not obligated to incur costs in excess of the amounts specified in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.