

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-19 Demonstrations	Centers for Medicare & Medicaid Services (CMS)
Transmittal 109	Date: October 2, 2014
	Change Request 8767

Transmittal 107, dated August 1, 2014, is being rescinded and replaced by Transmittal 109, date October 2, 2014, to update business requirement 8767.11. All other information remains the same.

SUBJECT: Updates to the Model 4 Bundled Payment of Care Initiative (BPCI) Payment Calculation to Include Uncompensated Care Payment (UCP) and Reduction in Payment Due to Sequestration

I. SUMMARY OF CHANGES: This Change Request will correct the calculation used to determine payments to Model 4 Bundled Payment for Care Improvement (BPCI) Awardees.

EFFECTIVE DATE: January 1, 2015

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

IMPLEMENTATION DATE: January 5, 2015

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:

For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC statement of Work. The contractor is not obliged to incur costs in excess of the amounts allotted 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.

IV. ATTACHMENTS:

Demonstration

Attachment - Demonstrations

Pub. 100-19	Transmittal: 109	Date: October 2, 2014	Change Request: 8767
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I. GENERAL INFORMATION

A. Background: Model 4 of the BPCI provides a prospectively determined bundled payment to the hospital that encompasses all services furnished during the inpatient stay by the hospital, physicians, and other practitioners. Indirect Medical Education (IME), DSH, outlier and hospital capital IPPS payments are added to the prospectively determined bundled payment. Uncompensated care payments to DSH eligible hospitals will also be added to the prospectively established bundled payment.

As required by law, President Obama issued a sequestration order on March 1, 2013, canceling budgetary resources across the Federal Government. As a result, Medicare Fee-For-Service claims with dates of discharge on or after April 1, 2013 will incur a two percent reduction in Medicare payment. CMS has provided instructions to apply this percentage reduction to the final payment of a Medicare claim. When a Model 4 BPCI final claim is processed for an episode that was established by payment of a Notice of Admission (NOA) claim, the sequestration adjustment is currently being applied to the Model 4 BPCI negotiated payment amount less the \$500.00 previously paid for the NOA. This calculation results in a \$10.00 overpayment. In this CR CMS will revise the method of applying the sequestration reduction to Model 4 BPCI claims for an episode established by a NOA.

B. Policy: There are no policy changes with this instruction.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			D M E	Shared- System Maintainers				Other
		A	B	H H H		F M V C	M I C M W	S S S F		
8767.1	Medicare contractors shall apply the sequestration payment adjustment as described in previous instructions to the full Model 4 BPCI negotiated payment amount before subtracting the previously					X				

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
	paid \$500.00 NOA payment, retroactive to the date of entry into Model 4 for each participant. The change is retroactive to the date sequestration was applied.									
8767.2	FISS shall treat Uncompensated Care Payments the same as IME, DSH, Capital and outlier payments are treated for Model 4 BPCI claims (i.e. Outside of the Model 4 bundled payment).					X				
8767.3	FISS shall calculate the net Hospital Insurance (HI) amount for a Model 4 BPCI claim with a Notice Of Admission (NOA) as follows: HI amount = Y1 Amount minus (the amounts in value codes A1, 06, 09, 11, 08, 10) plus (IME, DSH, Total Capital, Outlier and UCP) – sequestration amount - \$500.					X				
8767.4	FISS shall calculate the net HI amount for a Model 4 BPCI claim without an NOA as follows: HI amount = Y1 Amount minus (the amounts in value codes A1, 06, 09, 11, 08, 10) plus (IME, DSH, Total Capital, Outlier and UCP) – sequestration amount.					X				
8767.5	FISS shall calculate the net reimbursement for a Model 4 BPCI (demo code 64 present) non-Periodic Interim Payment (PIP) claim that has an NOA as follows: (Part A Demonstration Amount + Part B Demonstration Amount) – Part A deductions – Part B deductions + IME + DSH + Total capital + Outlier + UCP –sequestration amount - \$500.00 NOTE: Part A deductions: cash deductible, blood deductible, coinsurance and LTR amount Part B deductions: cash deductible and copayment					X				
8767.6	FISS shall calculate the net reimbursement for a Model 4 BPCI (demo code 64 present) PIP claim that has an NOA as follows: (Part A Demonstration Amount + Part B Demonstration Amount) – Part A deductions – Part B deductions + IME + DSH + Total capital + Outlier +					X				

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared-System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
	<p>New Technology + Hemophilia + UCP – sequestration amount - \$500.00</p> <p>NOTE: Part A deductions: cash deductible, blood deductible, coinsurance and LTR amount</p> <p>Part B deductions: cash deductible and copayment</p>									
8767.7	<p>FISS shall calculate the net reimbursement for a Model 4 BPCI (demo code 64 present) non-PIP claim that does not have an NOA as follows:</p> <p>(Part A Demonstration Amount + Part B Demonstration Amount) – Part A deductions – Part B deductions + IME + DSH + Total capital + Outlier + UCP –sequestration amount.</p> <p>NOTE: Part A deductions: cash deductible, blood deductible, coinsurance and LTR amount</p> <p>Part B deductions: cash deductible and copayment</p>					X				
8767.8	<p>FISS shall calculate the net reimbursement for a Model 4 BPCI (demo code 64 present) PIP claim that does not have an NOA as follows:</p> <p>(Part A Demonstration Amount + Part B Demonstration Amount) – Part A deductions – Part B deductions + IME + DSH + Total capital + Outlier + New Technology + Hemophilia + UCP –sequestration amount.</p> <p>NOTE: Part A deductions: cash deductible, blood deductible, coinsurance and LTR amount</p> <p>Part B deductions: cash deductible and copayment</p>					X				
8767.9	<p>FISS shall calculate the net reimbursement for non-PIP Model 4 Related Readmission as follows:</p> <p>(IME + DSH + Total Capital + Outlier + UCP) – Part A deductions) – sequestration amount</p> <p>NOTE: Part A deductions: cash deductible, blood deductible, coinsurance and LTR amount</p>					X				
8767.10	<p>FISS shall calculate the net reimbursement for PIP</p>					X				

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared-System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
	Model 4 Related Readmission as follows: (IME + DSH + Total Capital + Outlier + New Technology + Hemophilia + UCP) – Part A deductions) – sequestration amount NOTE: Part A deductions: cash deductible, blood deductible, coinsurance and LTR amount.									
8767.11	Medicare Administrative Contractors shall reprocess Model 4 claims for hospitals eligible for DSH within 90 days of the implementation date of this CR.	X								

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
	None					

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Adam Conway, 410-786-2455 or adam.conway@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR) or Contractor Manager, as applicable.

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted 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.

ATTACHMENTS: 0