

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 268	Date: MARCH 30, 2007
	Change Request 5496

Subject: Recovery Audit Contractors (RAC)/Other Medicare Contractors Claims Mass Adjustments in MCS- Analysis and Design

I. SUMMARY OF CHANGES: This Change Request (CR) requires the maintainer to modify the shared systems to allow mass adjustments for claims identified by the RAC/Other Medicare Contractors as overpayments.

New / Revised Material

Effective Date: July 1, 2007

Implementation Date: July 1, 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.*

Attachment – One-Time Notification

Pub. 100-20	Transmittal: 268	Date: March 30, 2007	Change Request: 5496
--------------------	-------------------------	-----------------------------	-----------------------------

SUBJECT: Recovery Audit Contractors (RAC)/Other Medicare Contractors Claims Mass Adjustments in MCS- Analysis and Design

Effective Date: July 1, 2007

Implementation Date: July 1, 2007

I. GENERAL INFORMATION

A. Background: Section 306 of the Medicare Prescription Drug and Modernization Act (MMA) of 2003 required the Secretary of Health and Human Services to utilize Recovery Audit Contractors (RAC) to identify Medicare underpayments and overpayments and recoup overpayments under the Medicare program for services for which payment is made under part A or B of title XVIII of the Social Security Act.

The Centers for Medicare and Medicaid Services (CMS) tasked the RACs with performing claim review to identify Medicare underpayments and overpayments. Once a potential overpayment is identified, the claim must be adjusted to reflect the correct payment. The claim adjustment, the creation of the accounts receivable and the setup of offset occurs by the FI, Carrier, DMERC, DME MAC or MAC.

The RACs have identified large numbers of overpayments. These overpayments can be categorized by claim type or service type. Some of the standard systems allow some user ability to process adjustments on a mass basis; however this has not reduced the number of claims needing adjustment.

B. Policy: N/A

II. BUSINESS REQUIREMENTS TABLE

Use “Shall” to denote a mandatory requirement

Number	Requirement	Responsibility (place an “X” in each applicable column)											
		A / B	D M E	F I	C A R R I E R	D M R C	R H I	Shared-System Maintainers				OTHER	
M A C	M A C		I E R			F I S	M C S	V M S	C W F				
5496.1	The MCS system maintainers will explore ways for the MCS system to efficiently and effectively allow for mass adjustments of similar claim types and/or service types.	X			X				X				
5496.1.1	Mass adjustment is defined as more than one claim of the same type and/or service. Some examples include: 1. A file submitted with HCPCS code xxxxx	X			X				X				

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B	D M E	F I	C A R R E R	D M R C	R E H I	Shared-System Maintainers				OTHER
		M A C	M A C		I E R			F I S	M C S	V M S	C W F	
	<p>shall be able to be mass adjusted</p> <p>2. A file submitted with all duplicate claims shall be able to be mass adjusted</p> <p>3. A file with all incorrect status codes related to discharges and/or transfers shall be able to be mass adjusted</p>											
5496.1.2	If a claim is not able to be adjusted because of some external factor (i.e., an invalid HIC number...), the MCS system shall create a separate file to send back to the RAC for additional research.	X			X				X			
5496.2	The MCS system maintainers shall explore ways for the system to allow for the mass creation of the account receivable after the claims are mass adjusted.	X			X				X			
5496.3	The MCS system maintainers shall explore ways for the system to NOT initiate or send a demand letter after the mass creation of the account receivables.	X			X				X			
5496.4	The MCS system maintainers shall efficient methodologies to all the mass adjustments to be recognizable by the RAC appropriate reason/discovery code.	X			X				X			
5496.5	The MCS system maintainers shall meet with CMS, the affected carriers and the RACs on a regular basis until such time that a process is in place for future implementation.	X			X				X			

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B	D M E	F I	C A R R E R	D M R C	R E H I	Shared-System Maintainers				OTHER
		M A C	M A C		I E R			F I S	M C S	V M S	C W F	

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.