

# CMS Manual System

## Pub 100-08 Medicare Program Integrity

Transmittal 136

Department of Health &  
Human Services (DHHS)

Centers for Medicare &  
Medicaid Services (CMS)

Date: FEBRUARY 1, 2006  
Change Request 4105

**SUBJECT: Policy Changes to Program Integrity Manual.**

**I. SUMMARY OF CHANGES:** To add Doctor of Osteopathic Medicine as a candidate for the contractor medical director (CMD), change LMRP to LCD, and delete the requirement that CMDs must be no more than two physicians.

### NEW/REVISED MATERIAL

**EFFECTIVE DATE: March 1, 2006**

**IMPLEMENTATION DATE: March 1, 2006**

*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:

**R = REVISED, N = NEW, D = DELETED**

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
R	1/1.5/Contractor Medical Director (CMD)

### III. FUNDING:

**No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.**

### IV. ATTACHMENTS:

Business Requirements

Manual Instruction

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

# Attachment - Business Requirements

Pub. 100-08	Transmittal: 136	Date: February 1, 2006	Change Request 4105
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**SUBJECT: Policy Changes to Program Integrity Manual.**

## I. GENERAL INFORMATION

**A. Background:** Currently candidates for the contractor medical directors (CMD) positions can only be physicians/MDs. CMS will add Doctors of Osteopathic Medicine (DO) as candidates for the position of CMDs. CMS will delete the requirement that the CMD FTE must be composed of no more than two physicians. Section 522 of the Benefits Improvement and Protection Act (BIPA) created the term “local coverage determination” and effective December 7, 2003 contractors were instructed to issue LCDs instead of LMRPs. Contractors were also instructed to convert LMRPs to LCDs. As a result CMS will change all references to LMRPs in chapter 1.5 to LCDs.

**B. Policy:** The current policy of candidates for CMDs positions will be expanded to include DOs. Contractors will not be restricted to a maximum of two individuals encumbering an FTE.

## II. BUSINESS REQUIREMENTS

*“Shall” denotes a mandatory requirement*

*“Should” denotes an optional requirement*

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)										
		F	I	R	H	C	D	Shared System Maintainers				Other
								I	M	V	C	
S	S	S	W	F								
4105.1	Contractor medical director candidates shall include Doctors of Osteopathic Medicine in addition to physicians/MDs.	X	X	X	X							
4105.2	Contractors shall refer to LMRPs as LCDs	X	X	X	X							

**III. PROVIDER EDUCATION**

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
	None									

**IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS**

**A. Other Instructions: N/A**

X-Ref Requirement #	Instructions

**B. Design Considerations: N/A**

X-Ref Requirement #	Recommendation for Medicare System Requirements

**C. Interfaces: N/A**

**D. Contractor Financial Reporting /Workload Impact: N/A**

**E. Dependencies: N/A**

**F. Testing Considerations: N/A**

**V. SCHEDULE, CONTACTS, AND FUNDING**

<p><b>Effective Date*:</b> March 1, 2006</p> <p><b>Implementation Date:</b> March 1, 2006</p> <p><b>Pre-Implementation Contact(s):</b> Edward Poindexter 410-786-6574</p> <p><b>Post-Implementation Contact(s):</b> Edward Poindexter 410-786-6574</p>	<p><b>No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.</b></p>
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## 1.5 - Contractor Medical Director (CMD)

*(Rev. 136, Issued: 02-01-06; Effective/Implementation Dates: 03-01-06)*

Contractors must employ a minimum of one FTE contractor medical director (CMD) and arrange for an alternate when the CMD is unavailable for extended periods. Waivers for very small contractors may be approved by the CO. The CMD *FTE must be composed of either a Doctor of Medicine or a Doctor of Osteopathic Medicine*. All clinicians employed or retained as consultants must be currently licensed to practice medicine in the United States, and the contractor must periodically verify that the license is current. When recruiting CMDs, contractors must give preference to physicians who have patient care experience and are actively involved in the practice of medicine. The CMD's duties are listed below.

Primary duties include:

- Leadership in the provider community, including:
  - o Interacting with medical societies and peer groups;
  - o Educating providers, individually or as a group, regarding identified problems or *LCDs*; and
  - o Acting as co-chair of the Carrier Advisory Committee (CAC) (see PIM chapter 13 §13.7.1.4 for co-chair responsibilities).
- Providing the clinical expertise and judgment to develop *LCDs* and internal MR guidelines:
  - o Serving as a readily available source of medical information to provide guidance in questionable claims review situations;
  - o Determining when *LCDs are* needed or must be revised to address program abuse;
  - o Assuring that *LCDs* and associated internal guidelines are appropriate;
  - o Briefing and directing personnel on the correct application of policy during claim adjudication, including through written internal claim review guidelines;
  - o Selecting consultants licensed in the pertinent fields of medicine for expert input into the development of *LCDs* and internal guidelines;
  - o Keeping abreast of medical practice and technology changes that may result in improper billing or program abuse;
  - o Providing the clinical expertise and judgment to effectively focus MR on areas of potential fraud and abuse; and
  - o Serving as a readily available source of medical information to provide guidance in questionable situations.

Other duties include:

- Interacting with the CMDs at other contractors to share information on potential problem areas;
- Participating in CMD clinical workgroups, as appropriate; and
- Upon request, providing input to CO on national coverage and payment policy, including recommendations for relative value unit (RVU) assignments.

To prevent conflict of interest issues, the CMD must provide written notification to CO ([MROperations @cms.hhs.gov](mailto:MROperations@cms.hhs.gov)) and RO (for PSCs, the GTL, Co-GTL, and SME), as well as to the CAC, within 3 months after the appointment, election, or membership effective date if the CMD becomes a committee member or is appointed or elected as an officer in any State or national medical societies or other professional organizations. In addition, CMDs who are currently in practice should notify their RO (for PSCs, the GTL, Co-GTL, and SME) of the type and extent of the practice.