

Program Memorandum Carriers

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Transmittal B-03-011

Date: FEBRUARY 3 2003

CHANGE REQUEST 2549

SUBJECT: Correct Payment of January and February 2003 Physician Services

I. GENERAL INFORMATION

A. Background:

The Medicare Physician Fee Schedule (MPFS) regulation was published on December 31, 2002, with an effective date of March 1, 2003. Beginning March 1, 2003, Medicare carriers will pay claims with 2003 dates of service using the 2003 rates. As stated in Transmittal AB-02-181, dated December 23, 2002, carriers will have to do automatic adjustments in July 2003 to pay any additional amounts on claims with dates of service January 1 through February 28, 2003 that were processed after March 1, 2003, but should have received a higher rate per the 2002 MPFS.

B. Policy:

The purpose of this Program Memorandum (PM) is to provide guidance to Medicare carriers on the adjustments that must be done in July 2003 for services paid under the MPFS including anesthesia services which is tied to the MPFS.

NOTE: The HPBSS standard system and associated carriers are waived from implementing this Change Request due to their upcoming transition to the MCS system. These carriers are required to implement the Change Request once they transition to MCS.

II. BUSINESS REQUIREMENTS

Requirement #	Requirements	Responsibility
01	Standard System Maintainers (SSMs) must make systems changes to automatically adjust in July, claims with dates of service January 1 through February 28, 2003, processed after March 1, 2003. These claims must be adjusted to pay at the 2002 rates. Pay interest if applicable. Recover any overpayments if applicable resulting from the mass adjustments.	Carrier SSMs
02	SSMs must include anesthesia services in the mass adjustments. Any anesthesia services for January 1 through February 28, 2003, dates of service that are processed March 1, 2003 or later must be automatically adjusted using the 2002 conversion factors and the 2002 anesthesia base units. Pay interest if applicable. Recover any overpayments if applicable resulting from the mass adjustments.	Carrier SSMs

03	<p>For overpayments resulting from the July mass adjustments, the following language should be used to supplement the “Demand” letter that is normally sent to physicians/practitioners regarding overpayments.</p> <p>“The 2003 Physician Fee Schedule was implemented March 1, 2003. Through the Agency’s efforts to pay January and February services at the correct amount, situations will occur when an overpayment will exist. Those situations could include a change in participation status or claims being paid at a higher 2003 rate. You are being notified, via this letter, that an overpayment exists.”</p>	Carriers
04	<p>Routine adjustments made between March 1 and June 30, 2003, for claims with dates of service January 1 through February 28, effective with this PM must be adjusted again to allow for payment of the 2002 rates using the 2002 policy indicators. Pay interest if applicable.</p>	Carrier SSMs
05	<p>When performing routine adjustments between March 1 and June 30, 2003, for claims with dates of service January 1 through February 28, carriers have the discretion to manually adjust the payment to the 2002 rates at that time, therefore, negating the need to apply requirement 03 in July.</p>	Carriers
06	<p>SSMs must pay claims with dates of service January 1 through February 28, 2003 processed after July 1, 2003 at the 2002 rates with the 2002 policy indicators from the MPFSDB.</p>	Carrier SSMs
07	<p>SSMs must exclude claims from the automatic adjustment in July if the service was originally denied. Any service with a January 1 through February 28, 2003, date of service that was denied appropriately must not be included in the automatic July adjustments.</p>	Carrier SSM
08	<p>Carriers must automatically make any necessary adjustments to the beneficiary deductible as part of the mass adjustment process</p>	Carriers

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

X-Ref Requirement #	Instructions
01, 02	Adjustments must be submitted the same way as the original claim. If the original claim was adjudicated as assigned, the adjustment must be processed as assigned. If the original claim was adjudicated unassigned, the adjustment must be processed as unassigned.
01, 02	The mass adjustments done in July must be done based on the participating status that is in effect at that time, not the participating status that was in place prior to the application of the providers' CY 03 enrollment.
01, 02	<p>Provider Education: Inform physician/practitioners on your provider education Web site within two weeks of receiving this PM and in your next regularly scheduled bulletin of the following:</p> <p>Since the 2003 Medicare Physician Fee Schedule rates are effective March 1, 2003, any January 1 through February 28, 2003 dates of service containing 2002 HCPCS processed after March 1, will be paid at the 2003 rates. These claims will be automatically adjusted after July 1, 2003 to pay at the 2002 rates. Physicians/practitioners will not need to take any further action to receive the adjustment payments.</p>
01, 02	<p>Beneficiary Education: Inform beneficiaries using appropriate Medicare Summary Notices of any additional payments due to any adjustments on assigned or unassigned claims.</p>
	<p>Customer Service Representatives (CSRs): Provide guidance and information from this instruction and CR 2486 to your CSRs. CSRs need to be kept informed on processing claims paid under the MPFS using the 2002 and 2003 payment rates. CSRs also need to be informed on the July mass adjustment process in order to answer any inquiries from physicians/practitioners and Medicare beneficiaries.</p>

X-Ref Requirement #	Instructions
01, 02	<p>Continue to process discontinued codes that have a grace period in the regular fashion.</p> <ul style="list-style-type: none"> ■ Claims with dates of service January through March 2003 containing a discontinued code processed after March 1 but before April 1, 2003, will pay at the 2003 rate. ■ Claims with dates of service January 1 through February 28 containing a discontinued code processed after March 1 but before April 1 should be included in the July mass adjustments. (These services should be paid the 2002 rate.) ■ Claims with dates of service January 1 through March 31, 2003, containing a discontinued code received on or after April 1, 2003, should be returned as unprocessable.

B. Design Considerations: NONE

C. Interfaces: N/A

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

E. Dependencies: N/A

F. Testing Considerations: N/A

IV. ATTACHMENT(S)--None

<p>Version:</p> <p>Implementation Date: July 1, 2003</p> <p>Discard Date: July 1, 2004</p> <p>Post-Implementation Contact: CMS Regional Office</p>	<p>Effective Date: July 1, 2003</p> <p>Funding: These instructions should be implemented within your current operating budget.</p> <p>Pre-Implementation Contact: Patricia Gill, 61297 and Kathy Kersell 62033</p>
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