

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-20 One-Time Notification</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 483</b>	<b>Date: APRIL 24, 2009</b>
	<b>Change Request 6432</b>

**SUBJECT: Fiscal Intermediary Shared System (FISS) Analysis for System-Related Outpatient Prospective Payment System (OPPS) Processing Issues**

**I. SUMMARY OF CHANGES:** This transmittal instructs FISS to conduct analysis to read the payment method flag (PMF) for OPPS claims to determine proper OPPS payment dispositions. Analysis is due to CMS by August 1, so an appropriate implementation CR can be developed.

**New / Revised Material**

**Effective Date: October 1, 2009**

**Implementation Date: October 5, 2009**

*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.*

<b>R/N/D</b>	<b>Chapter / Section / Subsection / Title</b>
N/A	

**III. FUNDING:**

SECTION A: For Fiscal Intermediaries and Carriers: N/A

SECTION B: For Medicare Administrative Contractors (MACs): N/A

**IV. ATTACHMENTS:**

**One-Time Notification**

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

# Attachment – One-Time Notification

Pub. 100-20	Transmittal: 483	Date: April 24, 2009	Change Request: 6432
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**SUBJECT: Fiscal Intermediary Shared System (FISS) Analysis for System-Related Outpatient Prospective Payment System (OPPS) Processing Issues**

**Effective Date:** October 1, 2009

**Implementation Date:** October 5, 2009

## I. GENERAL INFORMATION

**A. Background:** Section 1833 (t) of the Social Security Act was added by §4523 of the Balanced Budget Act of 1997, authorizing CMS to implement prospective payment for hospital outpatient services. Program Memorandum A-00-09 and Program Memorandum A-01-01 instructed standard systems to extract the necessary data elements for pricing based on Outpatient Code Editor (OCE) output.

This transmittal instructs FISS to conduct analysis to read the payment method flag (PMF) for OPPS claims to determine proper OPPS payment dispositions. Analysis is due to CMS by August 1<sup>st</sup> so an appropriate implementation CR can be developed.

## B. Policy:

### Use of Edits and Flags

Proper dispositions for claims with services paid under OPPS are determined through a series of edits and flags. There are currently 83 different edits in the Integrated Outpatient Code Editor (IOCE), ten of which are inactive for the current version of the program but all of which are currently read by FISS. The IOCE APC/ASC return buffer contains the flag information that will be passed to the OPPS PRICER for proper pricing and to FISS for proper claim dispositions based on pricing. In particular, the Payment Method Flag (PMF) is used to determine whether a claim is paid under OPPS or denied. Valid values are as follows:

Payment Method Flag	0 - OPPS Pricer determines payment for service 1 - Based on OPPS coverage or billing rules, the service is not paid. 2 - Service is not subject to OPPS. 3 - Service is not subject to OPPS, and has an IOCE line item denial or rejection. 4 - Line item is denied or rejected by FI/MAC; IOCE not applied to line item.
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This flag information is particularly important for OPPS claims that have a preliminary SI of Q1, Q2, Q3, or Qn because the SI for these services will not generate an edit when they are denied early in the IOCE process. For codes where the default SI is a 'Q1, Q2, Q3, or Qn', if special logic to change the SI is not performed because of the bill type, or because the line is denied or rejected, the default SI will be carried through to the end of processing and will be returned as the final SI. **Exception:** If line item action flag (LIAF) "1" is appended to a line with SI Q, Q1, Q2, Q3, or Qn, the line item denial or rejection is ignored, the line is included in IOCE logic and the IOCE logic determines the final SI.

In addition to the PMF and non-covered edits passed by the IOCE, PRICER sends a Return Code 49 back to FISS if the site of service flag (more commonly known as the PMF) is not equal to zero.

FISS must recognize non-payable services for OPPS claims by edit, flag dispositions, and/or PRICER return code.

## II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B  M A C	D M E  M A C	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
6432.1	FISS shall evaluate the use of the payment method flag (PMF) in their system for OPPS claims to determine proper OPPS payment dispositions.						X				
6432.2	FISS shall provide an analysis report to CMS outlining the work hours and description of Requirements 6432.1 and 6432.2 no later than 8/1/09.						X				

## III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B  M A C	D M E  M A C	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
	None.										

## IV. SUPPORTING INFORMATION

**Section 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:
PM A-00-09	<u>Hospital Outpatient Services Prospective Payment System Background.</u> Particular attention shall be paid to the requirements for shared systems (then referred to as standard systems) which are found on Page 4.
PM A-00-35	<u>Revised Outpatient Code Editor (OCE) Specifications for the Outpatient Prospective Payment System (OPPS).</u> Particular attention shall be paid to the information returned from the OCE, which is found on Pages 3 through 5. Please note that the site of service inclusion flag is now called the payment method flag (PMF).

**Section B: For all other recommendations and supporting information, use this space:**

## **V. CONTACTS**

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## **VI. FUNDING**

**Section A: For *Fiscal Intermediaries (FIs)*, *Regional Home Health Intermediaries (RHHIs)*, and/or *Carriers*: N/A**

**Section B: For *Medicare Administrative Contractors (MACs)*: N/A**