

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-05 Medicare Secondary Payer	Centers for Medicare & Medicaid Services (CMS)
Transmittal 55	Date: JULY 21, 2006
	Change Request 4355

Subject: Update the Fiscal Intermediary Shared System (FISS) on Processing Medicare Secondary Payer (MSP) Fully Paid Claims When Condition Code 77 is Not Present on Outpatient and Home Health Claims

I. SUMMARY OF CHANGES: Update the FISS to identify MSP claims as fully paid claims when providers do not include a condition code 77 on the claim but the MSP claim demonstrates that it is fully paid.

New / Revised Material

Effective Date: January 1, 2007

Implementation Date: January 2, 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
R	Table of Content
N	5/50/50.4/Processing Medicare Secondary Payer (MSP) Fully Paid Claims for Outpatient and Home Health claims

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:

Business Requirements

Manual Instruction

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

Attachment – Business Requirements

Pub. 100-05	Transmittal: 55	Date: July 21, 2006	Change Request 4355
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SUBJECT: Update the Fiscal Intermediary Shared System (FISS) on Processing Medicare Secondary Payer (MSP) Fully Paid Claims when Condition Code 77 is not Present on Outpatient and Home Health Claims.

I. GENERAL INFORMATION

A. Background: Medicare does not make a secondary payment when MSP claims are fully paid by the primary payer. The Fiscal Intermediary Shared System (FISS) sends the fully paid claim payment information to the Medicare Secondary Payer Payment (MSPPAY) module for purposes of determining and crediting beneficiary deductible and coinsurance. The payment data sent to MSPPAY includes the condition code (cc) 77 if present on the claim. When the cc77 is on the incoming claim, FISS sets the fully paid indicator in MSPPAY at the claim level and to each of the service lines so MSPPAY does not assign a secondary payment. Currently, when FISS receives a fully paid Outpatient or Home Health MSP claim at the line level, but the claim does not contain a cc77, the fully paid indicator is not set at the claim level or to each service line in MSPPAYOL. This causes an incorrect Medicare secondary payment. FISS must be updated to set the fully paid indicator for MSP claims that are fully paid at the claim level and set the fully paid indicator on all service lines covered by Medicare, including those claims that do not contain the cc77.

B. Policy: Medicare does not make a secondary payment when Medicare claims are fully paid by a primary payer.

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 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	
4355.1	FISS shall identify Outpatient and Home Health MSP fully paid claims when cc77 does not appear on the hardcopy or electronic claim form.					X				

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	
4355.1.1	FISS shall identify the MSP claim as fully paid if one of the business requirements (BR 2 or 3) below is met.					X				
4355.2	FISS shall compare the primary payer(s) payment amount to the total covered charge or the obligated to accept as payment in full amount (OTAF) (VC 44) if the OTAF is less than the total covered charge.					X				
4355.2.1	If the primary payer payment amount is equal to, or greater than, the total covered charges or the OTAF amount, FISS shall determine this claim as fully paid.					X				
4355.2.1.1	If the primary payer payment amount is equal to, or greater than, the total covered charges or the OTAF amount, FISS shall set the fully paid indicator for all lines of service in MSPPAYOL.					X				
4355.3	FISS shall compare the primary payer(s) payment amount to the gross Medicare payable by Medicare.					X				
4355.3.1	If the primary payer payment amount is equal to, or greater than, the gross amount payable by Medicare, FISS shall determine this claim as fully paid.					X				
4355.3.1.1	If the primary payer payment amount is equal to, or greater than, the gross amount payable by Medicare, FISS shall set the fully paid indicator for all lines of service in MSPPAYOL.					X				
4355.4	MSPPAY shall return a zero amount to the FISS on MSP claims that are fully paid.					X				
4355.4.1	The FISS and Part A contractor, as necessary, shall put the zero Medicare reimbursement amount on the outbound remittance advice and Medicare Summary Notice.	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>Effective Date*: January 1, 2007</p> <p>Implementation Date: January 2, 2007</p> <p>Pre-Implementation Contact(s): Richard Mazur (410) 786-1418</p> <p>Post-Implementation Contact(s): Richard Mazur (410) 786-1418</p>	<p>No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.</p>
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Medicare Secondary Payer (MSP)

Manual

Chapter 5 - Contractor Prepayment Processing Requirements

Table of Content

(Rev. 55, 07-21-06)

50.4 - Processing Medicare Secondary Payer (MSP) Fully Paid Claims for Outpatient and Home Health claims

50.4 – Processing Medicare Secondary Payer (MSP) Fully Paid Claims for Outpatient and Home Health claims.

(Rev. 55, Issued: 07-21-06, Effective: 01-01-07, Implementation: 01-02-07)

A. MSP Fully Paid Claims

Medicare does not make a secondary payment when MSP claims are fully paid by the primary payer. The Part A shared system sends the fully paid claim payment information to the Medicare Secondary Payer Payment (MSPPAY) module for purposes of determining and crediting beneficiary deductible and coinsurance. The payment data sent to MSPPAY includes the condition code (cc) 77 if present on the claim. When the cc77 is on the incoming claim, the shared system sets the fully paid indicator in MSPPAY at the claim level and to each of the service lines so MSPPAY does not assign a secondary payment. The shared system also sets the fully paid indicator for MSP claims that are fully paid at the claim level and set the fully paid indicator on all service lines covered by Medicare including those claims that do not contain the cc77.

B. Determining MSP Fully Paid Claims

The Part A shared system shall identify Outpatient and Home Health MSP fully paid claims when cc77 does not appear on the hardcopy or electronic claim form. FISS shall identify the MSP claim as fully paid if at least one of the requirements below is met:

- 1) The shared system shall compare the primary payer(s) payment amount to the total covered charge or the obligated to accept as payment in full amount (OTAF) (VC 44) if the OTAF is less than the total covered charge. If the primary payer payment amount is equal to, or greater than, the total covered charges, or the OTAF amount, the shared system shall determine this claim as fully paid and shall set the fully paid indicator for all lines of service in MSPPAYOL.*
- 2) The shared system shall compare the primary payer(s) payment amount to the gross Medicare payable by Medicare. If the primary payer payment amount is equal to, or greater than, the gross amount payable by Medicare, the shared system shall determine this claim as fully paid and shall set the fully paid indicator for all lines of service in MSPPAYOL.*

MSPPAY shall return a zero amount to the shared system on MSP claims that are fully paid. The shared system and Part A contractor, as necessary, shall put the zero Medicare reimbursement amount on the outbound remittance advice and Medicare Summary Notice.