CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-05 Medicare Secondary Payer	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 56	**Date: OCTOBER 13, 2006**
	Change Request 5266

Subject: **Updating the Medicare Secondary Payer (MSP) Manual for Consistency on Instructing Part A Contactors on Handling MSP Claims with Condition Code (cc) 08.**

I. SUMMARY OF CHANGES: Update the MSP manual for consistency purposes regarding claims with condition code 08.

New / Revised Material
Effective Date: April 1, 2007
Implementation Date: April 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	5/30.2/Further Development is Required.
R	5/30.3.1/Limits on Development.

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: 56	Date: October 13, 2006	Change Request 5266

SUBJECT: Updating the Medicare Secondary Payer (MSP) Manual for Consistency on Instructing Part A Contactors on Handling MSP Claims with Condition Code (cc) 08.

I. GENERAL INFORMATION

A. Background: Several manual sections provide inconsistent instructions to the Medicare Part A contractors on how to handle MSP claims with cc08. One section states that the Part A contractor will develop claims with cc 08 while other MSP manual sections identify the Coordination of Benefits Contractor (COBC) as developing claims with cc 08. This Change Request modifies the MSP manuals to instruct Part A contractors how to handle incoming MSP claims when cc08 is found in Form Locator 24-30 of the CMS 1450 and in Loop 2300, HI segment, Condition Information, on the 837 Institutional electronic claim.

B. Policy: COBC receives an automatic trigger from the Common Working File for claims filed with a cc 08. The COBC develops with the beneficiary on claims containing cc08.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement
"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
5266.1	This instruction updates the MSP manuals to state that the COBC shall develop MSP claims that contain cc08.	X	X							COBC
5266.1.1	Medicare Part A contractors shall not develop or submit an ECRS request to the COBC when cc08 appears on a claim.	X	X							

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
	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

Effective Date*: April 1, 2007 **Implementation Date:** April 2, 2007 **Pre-Implementation Contact(s):** Richard Mazur, (410) 786-1418, Richard. Mazur@cms.hhs.gov **Post-Implementation Contact(s):** Richard Mazur, (410) 786-1418, Richard.Mazur@cms.hhs.gov	**No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.**

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30.2 - Further Development Is Required

(Rev. 56, Issued: 10-13-06, Effective: 04-01-07, Implementation: 04-02-07)

The intermediary develops the claim **only** when the following billing situation occurs:

- Claim with primary insurer identification, no primary payer amounts, and nothing indicated in remarks field;
- Beneficiary has a black lung CWF record, bill is submitted with a black lung CWF record, and bill is submitted with a black lung diagnosis, but without the primary amount shown or without an Medicare Summary Notice (MSN), or without remarks, which denies the black lung claim;
- MSP claim filed with very low primary payment (investigate for possible keying error with provider to ensure accurate payment amount)*(Note: Medicare contractors must set the threshold that constitutes a very low primary payment amount. Contractors must evaluate this threshold amount on an annual basis)*;
- Trauma diagnosis, no MSP record, and claim does not show occurrence code 05 and date nor remarks;
- Retirement dates same as dates of service (i.e., improper use of occurrence codes 18 and 19);
- Occurrence codes 01-04 used, but not MSP claim. No occurrence code 24 or remarks; and
- No value code and zero dollars showing request for conditional payment.

*The Coordination of Benefits Contractor develops the claim **only** when the following billing situation occurs:*

- *Condition Code 08 is show on the bill. COBC receives an automatic trigger from the Common Working File for claims filed with a cc 08 and develops with the beneficiary.*

30.3.1 - Limits on Development

(Rev. 56, Issued: 10-13-06, Effective: 04-01-07, Implementation: 04-02-07)

The FI or carrier checks all claims received according to the date parameters in Chapter 7 to determine if claims already processed should have been paid secondary to Medicare. It recovers any overpayments according to the rules in Chapter 7, "Contractor MSP Recovery Rules."

Where Medicare is indicated as primary payer on the Form CMS-1450, the FI or carrier assumes, in the absence of evidence to the contrary, that there is no other primary coverage and processes the claim accordingly. If CWF indicates that Medicare is secondary, the FI or carrier notifies the COBC via ECRS to develop to determine if there is another payer primary to Medicare.

Where condition code 08 is reported in form locators 24-30 of the Form CMS-1450, or in loop 2300 HI segment, Condition Information, of the 837 Institutional electronic

claim, the contractor rejects the claim. COBC receives an automatic trigger from the Common Working File for claims filed with a cc 08 and develops with the beneficiary.