

CMS Manual System

Pub 100-04 Medicare Claims Processing

Transmittal 850

Department of Health &
Human Services (DHHS)

Centers for Medicare &
Medicaid Services (CMS)

Date: FEBRUARY 10, 2006

Change Request 4284

SUBJECT: Change Payment Floor Date for Paper Claims

I. SUMMARY OF CHANGES: As a result of an amendment to the Social Security Act, the payment waiting period for paper claims (the payment floor) has been extended from 26 to 28 days effective for claims received on or after January 1, 2006. Payment for paper claims can then be issued on the 29th day following receipt of the clean claim. Clean paper claims will no longer be included in Contractor Performance Evaluation claims processing timeliness scoring. This CR does not apply to contractors on the HIGLAS system. A separate CR will be issued for those contractors on the HIGLAS system. This CR applies to claims based on date of receipt of claim, on or after the implementation date.

NEW/REVISED MATERIAL

EFFECTIVE DATE: January 01, 2006

IMPLEMENTATION DATE: March 13, 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: (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	1/80.2.1.2/Payment Floor Standards

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

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SUBJECT: Change Payment Floor Date for Paper Claims

I. GENERAL INFORMATION

A. Background: The Social Security Act provides for payment waiting periods for Medicare claims before a claim can be paid by a Medicare contractor. Congress has amended the Social Security Act to extend the waiting period for paper claims (the payment floor) from 26 to 28 days effective for claims received on or after January 1, 2006. Payment for paper claims can then be issued on the 29th day following receipt of the clean claim.

Under separate instruction, at a later date, HIGLAS shall make the necessary changes to accept the revision of the payment floor. No action shall be taken to make those changes with this CR. At such time as the HIGLAS changes are made, contractors that are on HIGLAS shall be instructed through another Change Request to make revisions to the payment floor for paper claims in their local systems.

B. Policy: This change request is being issued to instruct contractors to implement the change in payment waiting period for paper claims. Clean paper claims will no longer be included in Contractor Performance Evaluation scoring for claims processing timeliness. This change request does not affect electronically submitted claims.

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 H I	C a r r i e r	D M E R C	Shared System Maintainers				O t h e r
F I S S	M C S					V M S	C W F			
4284.1	Effective for claims received on or after January 1, 2006, Medicare contractors that are not on HIGLAS shall make necessary local (non-standard systems) revisions to revise the waiting period (payment floor) for the payment of paper claims from 26 to 28 days, which will allow payment to be issued on the 29 th day following receipt of the clean claim.	X	X	X	X					
4284.2	Medicare contractors that are on HIGLAS shall continue to process and pay claims using the current 27 day payment floor until such later time when instructions are issued providing for a change in the payment floor for their claims.	X	X	X						
4284.3	Medicare contractors are not required to reopen or otherwise reprocess any claims received after the January 1, 2006 effective date and prior to the implementation date.	X	X	X	X					
4284.4	CMS shall not include clean paper claims received on or after January 1, 2006 in Contractor Performance Evaluation claim processing timeliness scoring.									C M S

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)						
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers		
F I S S	M C S					V M S	C W F	

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				O t h e r
F I S S	M C S					V M S	C W F			
4284.5	A provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X	X	X	X					

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

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B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

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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, 2006</p> <p>Implementation Date: March 13, 2006</p> <p>Pre-Implementation Contact(s): Stuart Barranco (Part A claims) (410) 786-6152, Thomas Dorsey (Part B Claims), (410) 786-7434, Joanne Spalding (410) 786-3352 (DMERC claims)</p> <p>Post-Implementation Contact(s): Appropriate CMS Regional Office</p>	<p>No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.</p>
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80.2.1.2 - Payment Floor Standards

(Rev. 850, Issued: 02-10-06; Effective: 01-01-06; Implementation: 03-13-06)

The “payment floor” establishes a waiting period during which time the contractor may not pay, issue, mail, or otherwise finalize the initial determination on a clean claim. The “payment floor date” is the earliest day after receipt of the clean claim that payment may be made.

The payment floor date is determined by counting the number of days since the day the claim was received, i.e., the count begins the day after the day of receipt.

There are different waiting periods, and thus different payment floor dates, for electronic claims and paper claims. The waiting periods are 13 days for electronic claims and 26 days for paper claims. For the purpose of implementing the payment floor, the following definitions apply:

An “electronic claim” is a claim submitted via central processing unit (CPU) to CPU transmission, tape, direct data entry, direct wire, or personal computer upload or download. A claim that is submitted via digital FAX/OCR, diskette, or touch-tone telephone is not considered as an electronic claim.

A “paper claim” is submitted and received on paper, including fax print-outs. This also includes a claim that the contractor receives on paper and then reads electronically with OCR technology.

Also, for the purpose of implementing the payment floor, effective 7/1/04 and for the duration of the HIPAA contingency plan implementation, an electronic claim that does not conform to the requirements of the standard implementation guides adopted for national use under HIPAA, including electronic claims submitted electronically using pre-HIPAA formats supported by Medicare, is considered to be a paper claim.

Based on the waiting periods, the payment floor dates are as follows:

Claim Receipt Date	Payment Floor Date
10-01-93 through 6/30/04	14 th day for EMC 27 th day for paper claims
07-01-04 and later	14 th day for HIPAA-compliant EMC 27 th day for paper and non-HIPAA EMC
<i>01/01/2006 and later</i>	<i>29th day for paper</i>

Except as noted below, the payment floor applies to all claims. The payment floor does not apply to: “no-payment claims, RAPs submitted by Home Health Agencies, and claims for PIP payments.

NOTE: The basis for treating a non-HIPAA-compliant electronic claim as a paper claim for the purpose of determining the applicable payment floor is as follows: Effective

October 16, 2003, HIPAA requires that claims submitted to Medicare electronically comply with standard claim implementation guides adopted for national use under HIPAA. A claim submitted via direct data entry (DDE), if DDE is supported by the contractor is considered to be a HIPAA-compliant electronic claim. A contingency plan has been approved to enable claims to continue to be submitted temporarily after October 15, 2003 in a pre-HIPAA electronic format supported by Medicare. Effective July 1, 2004, the Medicare contingency plan is being modified to encourage migration to HIPAA formats. Effective July 1, 2004, for purposes of the payment floor, only those claims submitted in a HIPAA-compliant format will be paid as early as the 14th day after the date of receipt. Claims submitted electronically under a pre-HIPAA format supported by Medicare under the contingency plan period, including the UB-92 flat file, the National Standard Format (NSF), a pre-version 4010A1 X12 837, or on paper after July 1, 2004 will not be eligible for payment earlier than the 27th day after the date of receipt. All claims subject to the 27-day payment floor, including non-HIPAA electronically submitted claims, are to be reported in the paper claims category for workload reporting purposes. *Effective January 1, 2006, paper claims will not be eligible for payment earlier than the 29th day after the date of receipt.*

This differentiation in treatment of HIPAA-compliant and non-HIPAA-compliant electronic claims does not apply to Contractor Performance Evaluation (CPE) reviews of carriers and FIs conducted by CMS. For CPE purposes, carriers and FIs must continue to process the CPE specified percentage of clean paper and clean electronic (HIPAA or non-HIPAA) claims within the statutorily specified timeframes. *Effective for claims received January 1, 2006 and later, clean paper claims will no longer be included in CPE scoring for claims processing timeliness.*