Modify Edits in the Fee for Service (FFS) System when a Beneficiary has a Medicare Advantage (MA) Plan

MLN Matters Number: MM11580 Revised
Related CR Release Date: July 21, 2020
Effective Date: Claims received on or after October 1, 2020
Related CR Transmittal Number: R10229CP
Implementation Date: October 5, 2020

Note: We revised this article to reflect a revised CR 11580, issued on July 21, 2020. In the article, we revised the CR release date, transmittal number, and the web address of the CR. All other information remains the same.

PROVIDER TYPES AFFECTED

This MLN Matters article is for providers, especially hospitals, submitting claims to Medicare Administrative Contractors (MACs) for Part A services provided to Medicare beneficiaries when a beneficiary’s Medicare Advantage (MA) plan becomes effective during the inpatient admission.

WHAT YOU NEED TO KNOW

CR 11580 modifies Medicare system edits on inpatient claims when a beneficiary’s MA plan becomes effective during the inpatient admission. Also, the Centers for Medicare & Medicaid Services (CMS) is streamlining the editing for MA plans’ claims when it is determined that certain services are being disallowed on MA plans that are considered a significant cost under Section 422.109(a)(2) of title 42 of the Code of Federal Regulations (CFR). Original Fee-For-Service (FFS) Medicare will pay for services obtained by beneficiaries enrolled in MA plans in this circumstance.

BACKGROUND

When a Medicare beneficiary enrolls in an MA plan, the MA benefits replace traditional FFS claims payment. For inpatient claims (hospital claims paid under a prospective payment system), Medicare policy states that the payer at the time of admission will continue to be responsible for any inpatient stay when a beneficiary enrolls or dis-enrolls from an MA plan after the admission date and prior to the hospital discharge. When a beneficiary is admitted as an inpatient and does not have Part A hospital benefits remaining or benefits exhaust during the stay, Medicare allows the provider to submit a claim for ancillary services that are payable under Part B on Type of Bill (TOB) 012X. The beneficiary is still classified as an inpatient even though...
no Medicare Part A benefits are payable, as stated in 42 CFR 422.318.b.1.

CMS is aware of an issue where its Common Working File (CWF) is incorrectly rejecting TOB 012X when the beneficiary enrollment in an MA plan was effective after the admission date on the claim. This issue also affects providers who submit claims for flu vaccines provided to inpatient beneficiaries during a Medicare Part A covered stay.

Effective October 1, 2016, Medicare reimburses a Skilled Nursing Facility (SNF) or hospital facility for a flu vaccine provided during an inpatient stay. Medicare requires the facility to submit the vaccine on an ancillary claim using the discharge date as the statement covers from and through date.

In addition, CMS is streamlining the editing for MA plans’ claims when it is determined that certain services are being disallowed on MA plans that are considered a significant cost under 42 Code of Federal Regulations (CFR) Section 422.109(a)(2). Original fee-for-service Medicare will pay for services obtained by beneficiaries enrolled in MA plans in this circumstance.

Consistent with Section 1862(t)(2) of the Social Security Act (the Act), MACs will pay for identified significant cost services for Medicare beneficiaries enrolled in MA plans. With CR 11580, CMS will update its systems to handle these situations.

Your MAC will allow Condition Code (CC) 78 on inpatient and outpatient claims for MA beneficiaries when it is determined that certain services are being disallowed on MA plans that are considered a significant cost under 42 CFR Section 422.109(a)(2). An update will occur to any current editing that does not allow this scenario.

Note: Condition Code 78 = newly covered Medicare service for which a Health Maintenance Organization (HMO) does not pay.

ADDITIONAL INFORMATION

The official instruction, CR 11580, issued to your MAC regarding this change is available at https://www.cms.gov/files/document/r10229CP.pdf.

If you have questions, your MACs may have more information. Find their website at http://go.cms.gov/MAC-website-list.
DOCUMENT HISTORY

<table>
<thead>
<tr>
<th>Date of Change</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 21, 2020</td>
<td>We revised this article to reflect a revised CR 11580, issued on July 21, 2020. In the article, we revised the CR release date, transmittal number, and the web address of the CR. All other information remains the same.</td>
</tr>
<tr>
<td>May 1, 2020</td>
<td>Initial article released.</td>
</tr>
</tbody>
</table>

Disclaimer: Paid for by the Department of Health & Human Services. This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents. CPT only copyright 2018 American Medical Association. All rights reserved.

Copyright © 2013-2019, the American Hospital Association, Chicago, Illinois. Reproduced by CMS with permission. No portion of the AHA copyrighted materials contained within this publication may be copied without the express written consent of the AHA. AHA copyrighted materials including the UB-04 codes and descriptions may not be removed, copied, or utilized within any software, product, service, solution or derivative work without the written consent of the AHA. If an entity wishes to utilize any AHA materials, please contact the AHA at 312-893-6816. Making copies or utilizing the content of the UB-04 Manual, including the codes and/or descriptions, for internal purposes, resale and/or to be used in any product or publication; creating any modified or derivative work of the UB-04 Manual and/or codes and descriptions; and/or making any commercial use of UB-04 Manual or any portion thereof, including the codes and/or descriptions, is only authorized with an express license from the American Hospital Association. To license the electronic data file of UB-04 Data Specifications, contact Tim Carlson at (312) 893-6816. You may also contact us at ub04@healthforum.com

The American Hospital Association (the “AHA”) has not reviewed, and is not responsible for, the completeness or accuracy of any information contained in this material, nor was the AHA or any of its affiliates, involved in the preparation of this material, or the analysis of information provided in the material. The views and/or positions presented in the material do not necessarily represent the views of the AHA. CMS and its products and services are not endorsed by the AHA or any of its affiliates.