CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 13444	Date: December 4, 2025
	Change Request 14169

SUBJECT: Implementation of Editing for Programs of All-Inclusive Care for the Elderly (PACE) Inpatient Claims Submitted for Indirect Medical Education (IME) Payment

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to create new editing to ensure that Medicare does not make a separate payment for Indirect Medical Education (IME) or Direct Graduate medical Education (DGME) on inpatient claims submitted for beneficiaries enrolled in a Programs of All-Inclusive Care for the Elderly (PACE) plan. This CR will also create a new Informational Unsolicited Response (IUR) process to find and correct any institutional claim that is paid incorrectly based on the beneficiary's enrollment in a PACE plan.

EFFECTIVE DATE: July 1, 2026 - Claims processed on or after this date
*Unless otherwise specified, the effective date is the date of service.
IMPLEMENTATION DATE: April 6, 2026 - Coding and Development for CWF and FISS; July 6, 2026 - Coding, Testing, and Implementation for all SSMs

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
N/A	N/A

III. FUNDING:
For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

One Time Notification

Attachment - One-Time Notification

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I.   SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to create new editing to ensure that Medicare does not make a separate payment for Indirect Medical Education (IME) or Direct Graduate medical Education (DGME) on inpatient claims submitted for beneficiaries enrolled in a Programs of All-Inclusive Care for the Elderly (PACE) plan. This CR will also create a new Informational Unsolicited Response (IUR) process to find and correct any institutional claim that is paid incorrectly based on the beneficiary's enrollment in a PACE plan.

II.   GENERAL INFORMATION

A.   Background: The purpose of this CR is to implement editing to support language in §1862(a) (3) of the Social Security Act (the Act), which states the Medicare Program won't pay for services or items that are paid directly or indirectly by another government entity. Under the law, Medicare is prohibited from paying for claims when beneficiaries are eligible for PACE benefits. Medicare has already paid the PACE for care rendered to the beneficiary.

B.   Policy: No new policy. This CR implements new editing to support existing policy for PACE-enrolled beneficiaries.

III.   BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
14169.1	The Contractors shall ensure the Common Working File (CWF) claim response files are updated to accept the new PACE plan organization type information and provide the Shared System Maintainers (SSMs) with the copybook changes, which includes the Beneficiary					X	X	X	X	CVM, CWF Host, IDR, NCH

Number	Requirement	A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	Data Streamlining (BDS) response as well as the batch claim responses and HICR transactions.									
14169.1.1	The Contractors shall use the new field for the organization type '08' to identify PACE plans.					X			X	
14169.1.2	The Contractors shall modify the Next Generation Desktop (NGD) extract file to contain the new field for the organization type '08' to identify PACE plans.								X	NGD
14169.1.3	The Contractors shall modify HUQA responses to include the new field for Organization type '08' to identify PACE plans, including display screens.					X			X	
14169.1.4	The Contractor shall modify the Integrated Data Repository (IDR) extract file to contain the new field for Organization type '08' to identify PACE plans.					X				IDR
14169.2	The Contractors shall make the necessary changes to accept the new field in the updated Health Maintenance Organization (HMO) trailer 05 and CWF response files.					X	X	X	X	CVM, IDR, NCH
14169.2.1	The Contractors shall update the necessary screen(s) to display the new PACE plan indicator risk HMO period.					X			X	
14169.3	The Contractors shall create a new overrideable CWF and BDS edit to assign on inpatient claims submitted for IME-only payment or DGME payment when the claim admission date falls within a risk HMO period for a PACE plan as follows: • Type of Bill (TOB)= 011X, • Condition Codes (CC) 04 or both 04 and 69 are present, • Claim admission date falls within a risk HMO period with PACE plans					X			X	

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH	MAC	FISS	MCS	VMS	CWF	
14169.3.1	The MACs shall set the new claim level reason code to Reject. • Claim Adjustment Reason Code (CARC): 256 "Services not payable per managed care contract" • Remittance Advice Remark Code (RARC): N130 "Consult plan benefit documents/guidelines for information about restrictions for this service" • Group code: CO "Contractual Obligation"	X								
14169.4	The SSM shall create a new IUR to generate when a PACE HMO overlay is received and inpatient claim (TOB 011X) in history with an admit date during the PACE HMO and the inpatient claim has CC 04 or both CC 04 and 69. CWF shall return trailer 24 along with trailer 05.					X			X	
14169.4.1	The SSM shall create an adjustment based on the new IUR edit.					X				
14169.4.1.1	The MACs shall set the new IUR edit to Reject. • CARC: 256 "Services not payable per managed care contract" • RARC: N130 "Consult plan benefit documents/guidelines for information about restrictions for this service" • Group code: CO "Contractual Obligation"	X								
14169.4.2	The SSM shall update any reports used for tracking IUR adjustment claims.					X				
14169.4.3	The SSM shall create a one-time utility to find any inpatient history claims that processed incorrectly								X	

Number	Requirement	A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	prior to the availability of the new PACE Plan indicator for the risk HMO period from July 1, 2022, to the implementation of this CR and send back the IUR created in business requirement 14169.4.									
14169.5	The SSM shall replace the logic that uses the payer only CC 'Z0' and use the new PACE Plan indicator to bypass any other HMO edits when the HMO ID for a PACE plan indicator for an inpatient claim with TOBs 011X, 018X, and 021X with value code '42' and condition code '35'. Note: To determine that the claim being sent for bypass is for a valid HMO ID that is for a PACE plan and not a Medicare Advantage plan, PACE will be identified by ORG TYP '08' in the GHOD auxiliary file.								X	
14169.6	The SSM shall no longer apply the payer only CC 'Z0' to PACE claims.					X				
14169.7	The identified SSMs shall perform integrated testing during the ALPHA timeframe for the release.					X			X	

IV.   PROVIDER EDUCATION

Medicare Learning Network® (MLN): CMS will develop and release national provider education content and market it through the MLN Connects® newsletter shortly after we issue the CR. MACs shall link to relevant information on your website and follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1 for distributing the newsletter to providers. When you follow this manual section, you don't need to separately track and report MLN content releases. You may supplement with your local educational content after we release the newsletter.

Impacted Contractors: A/B MAC Part A

V.   SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: All other recommendations and supporting information: N/A

VI. CONTACTS

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VII. FUNDING

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ATTACHMENTS: 0