

DEPARTMENT OF HEALTH & HUMAN SERVICE
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850



JSM/TDL-07484, 07-24-07

MEMORANDUM

DATE: July 26, 2007

FROM: Director, Provider Billing Group
Center for Medicare Management

Director, Medicare Contractor Management Group
Center for Medicare Management

Project Officer, Medicare Contractor Management Group
Center for Medicare Management

SUBJECT: Medicare Prescription Drug, Improvement, and Modernization Act
of 2003 (MMA), Section 506

TO: All Fiscal Intermediaries (FIs) and All Part A and Part B Medicare
Administrative Contractors (A/B MACs)

Section 506 of the MMA, entitled Limitation on charges for inpatient hospital contract health services provided to Indians by Medicare participating hospitals, requires that Indian Health Programs pay Medicare-like rates for patients that receive hospital services outside of the Indian Health Service (IHS).

The Centers for Medicare & Medicaid Services (CMS) is in the process of training Contract Health Services Programs of the IHS operated by IHS, Tribes, Tribal Organizations, and other programs operated by urban Indian organizations on Medicare fee-for-service payment.

The purpose of this joint signature memorandum/technical direction letter (JSM/TDL) is to inform Medicare contractors, which process inpatient hospital claims, that they may be requested to provide information to the above entities in order that the hospital services may be paid appropriately with Medicare-like rates. Since the web-based Pricers will assist them with the prospective payments, they need the Medicare cost-to-charge ratio in order to price reasonable cost claims. We have given them a list of Medicare contractors and have instructed them to contact the Audit and Reimbursement Department by telephone for cost-to-charge ratios.

Attached is a copy of the Federal Register notice.

NOTE: MEDICARE ADMINISTRATIVE CONTRACTORS (MACs)**A/B MAC Contract Numbers**

Jurisdiction 3 ~ HHSM-500-2006-M0005Z

This Joint Signature Memorandum is being issued to you as technical direction under your MAC contract. This technical direction is not construed as a change or intent to change the scope of work under the contract and is to be acted upon only if sufficient funds are available. In this regard, your attention is directed to the clause of the General Provisions of the contract entitled Limitation of Cost, FAR 52.232-20. If the Contractor considers anything contained herein to be outside of the current scope of the contract, or contrary to any of its terms or conditions, the Contractor shall immediately notify the Contracting Officer in writing as to the specific discrepancies and any proposed corrective action.

Should you require further technical clarification, you may contact your Project Officer. Contractual questions should be directed to your CMS Contracting Officer. Please copy the Project Officer and Contracting Officer on all electronic and/or written correspondence in relation to this technical direction letter.

If you are a FI and have any questions, please contact Sarah Shirey-Losso on (410) 786-0187 or Joe Bryson on (410) 786-2986.

/s/

Stewart Streimer

/s/

Karen Jackson

/s/

Martin Furman

Attachment

cc:

Ron Laverdure, Noridian Administrative Services

Kaylin Frappier, Noridian Administrative Services

All RAs

All CCMOs

Tom Lenz, CA

Kathy Markman, OAGM

Linda Hook, OAGM

Sandy Bennett, OAGM

Desiree Wheeler, OAGM

Pat Williams, CMM/MCMG

Martin Furman, CMM/MCMG

Steven Smetak, CMM/MCMG

Jeff Hinson, CMM/MCMG