

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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CENTER FOR MEDICARE

DATE: September 19, 2019

TO: All Medicare Advantage Organizations, PACE Organizations, Medicare-Medicaid Plans, Section 1833 Cost Contractors, and Demonstrations

FROM: Jennifer R. Shapiro, Acting Director, Medicare Plan Payment Group

SUBJECT: 2019 Encounter Data Front-end System Correction to Guidance on Submission of Partially Capitated Encounters

This memorandum provides a correction to guidance on the submission of partially capitated encounters that was issued in a June 25, 2019 Health Plan Management System (HPMS) memorandum with the subject line: “2019 Encounter Data Front-end System Translator Software, Reference Data Updates, and Guidance on Submission of Partially Capitated Encounters.”

Specifically, CMS is providing a correction to guidance on the submission of encounters on which some service lines are paid under a capitated arrangement, while other service lines are not. We removed reference to Loop 2400 for lines on institutional records, and we have corrected the guidance for non-capitated lines on professional records. The language below replaces the information in Rule 2 and Rule 3 of Section 3.7 – Items and Services Covered under Capitated Arrangements in the Encounter Data Submission and Processing Guide.

New Rule 2 and Rule 3 of Section 3.7

Rule 2. Institutional Encounters

All Lines Capitated. If all services for an institutional encounter are paid on a capitated basis, the record should be submitted with the field CN101 at the header level (LOOP 2300) set to “05”.

Mix of Capitated and Non-Capitated Service Lines. If an institutional encounter contains services covered under both capitated and non-capitated arrangements, the MAO should populate the record as follows:

LOOP2300: Populate the CN101 data field at the header level (LOOP 2300) with “05”.

For capitated lines: Populate the CAS02 segment with a Line Adjustment Reason Code = “24” to indicate a capitated service line.

For non-capitated service lines: Populate the CAS02 segment with Line Adjustment Reason Codes using the CAS codes on the 835 (RA).

Rule 3. Professional Encounters

All Lines Capitated. If all services for a professional encounter are paid on a capitated basis, the record should be submitted with the field CN101 at the header level (LOOP 2300) set to “05”.

Mix of Capitated and Non-Capitated Service Lines. If a professional encounter contains services covered under both capitated and non-capitated arrangements, the MAO should populate the record as follows:

LOOP2300: Populate the CN101 data field at the header level (LOOP 2300) with “05”.

For capitated lines, LOOP2400: Populate the CN101 data field with a “05” for each capitated service line.

For non-capitated service lines: Do not use the CN101 data field.

Questions should be addressed to encounterdata@cms.hhs.gov. Please specify, “2019 Encounter Data Front-End System Correction on Guidance on Submission of Partially Capitated Encounters” in the subject line. Thank you.