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# CMS Manual System

## Pub. 100-05 Medicare Secondary Payer

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Department of Health &  
Human Services (DHHS)  
Centers for Medicare &  
Medicaid Services (CMS)

Transmittal 29

Date: APRIL 29, 2005

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CHANGE REQUEST 3770

**SUBJECT: Assignment of Non-Payment/Denial Code specific to the Recovery Audit Contractor (RAC) Created Group Health Plan (GHP) Occurrences**

**I. SUMMARY OF CHANGES:** Subsequent to the published CR 3724 in which three RAC contractor numbers were required to be recognized by all shared systems and Common Working File (CWF), this CR will require the assignment of a non-payment/denial code to these contractor numbers. The non-payment/denial code will ensure proper system denials for services billed on claims in which there is a recognized third party payer.

**NEW/REVISED MATERIAL - EFFECTIVE DATE\*: October 1, 2005**  
**IMPLEMENTATION DATE: October 3, 2005**

*Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. 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 not updated.)**  
**(R = REVISED, N = NEW, D = DELETED) – (Only One Per Row.)**

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	8/20/.2/ Identification of RAC Created GHP Records

**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
X	Manual Instruction
	Confidential Requirements
	One-Time Notification
	Recurring Update Notification

\*Unless otherwise specified, the effective date is the date of service.

## 20.2 - Identification of RAC Created GHP Records

*(Rev. 29, Issued: 04-29-05; Effective: 10-01-05; Implementation: 10-03-05)*

In addition to their current CWF validation process prior to the issuance of any demand, affiliated contractors shall identify all RAC identified beneficiary records, which have been created by the RAC assigned to the affiliated contractor's state.

- Check the CWF MSP auxiliary file to validate the record and determine originating contractor.
  1. If the record is present and contains all employer and insurer information, each affiliated contractor shall identify the contractor number of the originating contractor (the contractor who was responsible for the creation of the record).
  2. If the originating contractor number is a RAC contractor number (11125 with a CWF source code of 25, 11126 with a CWF source code of 26 or 11127 with a CWF source code of 27), the affiliated contractor will confirm the relationship of the originating RAC contractor with their state. For example: RAC 11125 will be assigned to California, 11126 will be assigned to Florida and 11127 will be assigned to New York. The California affiliated contractor has a relationship with RAC 11125, no other RAC.
  3. **CWF and all shared systems shall be updated to accept and apply a non-payment/cost avoid code of "H" for each RAC contractor number.**