| CMS Manual System | Department of Health & Human Services (DHHS) |
|---|---|
| Pub 100-04 Medicare Claims Processing | Centers for Medicare & Medicaid Services (CMS) |
| Transmittal 1239 | Date: MAY 11, 2007 |
| | Change Request 5579 |

**SUBJECT: Enhancements to Claims Processing Requirements for the Competitive Acquisition Program (CAP) for Part B Drugs and Biologicals for the October 2007 Release**

**I. SUMMARY OF CHANGES:** This CR provides revisions to CAP in order to fine tune the program.

**NEW / REVISED MATERIAL**
**EFFECTIVE DATE: OCTOBER 1, 2007**
**IMPLEMENTATION DATE: OCTOBER 1, 2007**

***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/N/D | CHAPTER / SECTION / SUBSECTION / TITLE |
|---|---|
| N/A | |

**III. FUNDING:**

**No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.**

**IV. ATTACHMENTS:**

**One-Time Notification**

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

# Attachment – One-Time Notification

| Pub. 100-04 | Transmittal: 1239 | Date: May 11, 2007 | Change Request: 5579 |
|---|---|---|---|

**SUBJECT: Enhancements to Claims Processing Requirements for the Competitive Acquisition Program (CAP) for Part B Drugs and Biologicals for the October 2007 Release**

**Effective Date: October 1, 2007**

**Implementation Date: October 1, 2007**

## I. GENERAL INFORMATION

**A. Background:** These revisions are being made to the CAP in order to fine tune the program. CAP providers determined to no longer be eligible to receive payments from the Medicare program due to disenrollment, sanctions, etc., must have their CAP provider file updated accordingly by contractors. The CAP Designated Carrier will notify the vendor to no longer provide drugs to the disenrolled, sanctioned, etc. providers. The CAP Designated Carrier will update the claims processing system accordingly to not allow payment to the vendor for providers that have been disenrolled, sanctioned, etc.

In addition, to aid the CAP Designated Carrier in its post-payment process, this CR will make revisions to allow the CAP Designated Carrier to set its own logic based on Common Working File (CWF) pay/process indicators so they can automate claims received from the vendor when there is a matching physician claim. Depending on the pay/process indicator received, the CAP Designated Carrier can auto deny the claim or override the CWF error code to allow the claim to pay.

**B. Policy:** This CR makes no change to current CAP policy.

## II. BUSINESS REQUIREMENTS TABLE

*Use"Shall" to denote a mandatory requirement*

| Number | Requirement | Responsibility (place an "X" in each applicable column) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | A/B MAC | DME MAC | FI | CARRIER | DMERC | RHHI | Shared-System Maintainers | | | | OTHER |
| | | | | | | | | FISS | MCS | VMS | CWF | |
| 5579.1 | The standard system maintainer shall make revisions as necessary to the CAP provider file to include an additional field to contain a one place explanatory code to indicate why a provider has had a change in status as to their eligibility to submit Medicare and/or CAP claims. | | | | | | | | X | | | |
| 5579.1.1 | The standard system maintainer shall update the extract to contain the new field from BR 5579.1. | | | | | | | | X | | | |

| Number | Requirement | Responsibility (place an "X" in each applicable column) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | A / B MAC | DME MAC | FI | CARRIER | DMERC | RHHI | Shared-System Maintainers | | | | OTHER |
| | | | | | | | | FISS | MCS | VMS | CWF | |
| 5579.1.1.1 | The standard system shall provide the revised file layout to the contractors so they can make any necessary revisions to their systems. | X | | | X | | | | X | | | |
| 5579.1.2 | The standard system shall auto-populate the new field with one of the new indicators with a date in the end date field based on the current action reason codes in their system for the date the following situations occurred:<br><br>1 = Provider left the Medicare Program<br>2 = Provider deceased<br>3 = Provider deactivated due to lack of claims submission<br>4 = For future use. - | | | | | | | | X | | | |
| 5579.1.2.1 | The standard system shall allow contractors to be able to manually update the provider file extract with the information in 5579.2 when necessary. | | | | | | | | X | | | |
| 5579.2 | Contractors shall manually populate the new field with a new indicator and the date in the end date field for when the following situations occurred:<br><br>5 = Provider left or removed from the CAP<br>6 = Provider no longer elects particular CAP Drug Category (Currently, this would not be used as there is only 1 drug category for CAP.)<br>7 = Provider sanctioned for services provided under CAP | X | | | X | | | | | | | |
| 5579.2.1 | Contractors shall use the indictor #5 when CMS has removed the provider from the CAP or has allowed a CAP provider to disenroll before the end of the year. | X | | | X | | | | | | | |
| 5579.2.2 | Contractors shall review sanction reports as necessary to determine if a CAP provider is sanctioned for services that would include those provided under CAP. | X | | | X | | | | | | | |
| 5579.2.2.1 | The contractors shall use the indictor #7 if a CAP provider is sanctioned for services that would include those provided under CAP. | X | | | X | | | | | | | |
| 5579.2.2.2 | The contractors shall not send an indictor if a CAP provider is sanctioned for services that do not include those provided under CAP. | X | | | X | | | | | | | |

| Number | Requirement | Responsibility (place an "X" in each applicable column) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | A / B MAC | DME MAC | FI | CARRIER | DME RC | RHHI | Shared-System Maintainers | | | | OTHER |
| | | | | | | | | FISS | MCS | VMS | CWF | |
| 5579.2.3 | All contractors shall send an updated provider file record to the CAP Designated Carrier on a bi-weekly basis in order to capture changes to the provider's status in a timely manner based on the new indicators. | X | | | X | | | | | | | |
| 5579.2.3.1 | Each contractor shall choose to send the record on a bi-weekly schedule on either Monday, Tuesday, Wednesday, or Thursday, but it shall be sent no later than noon, central time, on Thursday. | X | | | X | | | | | | | |
| 5579.2.4 | Contractors shall send the information in the provider file per current instructions, (no indicator), for a provider's initial election to CAP, or when a provider has to re-elect to join CAP with the appropriate beginning and end dates for that election period (for example, no indicator – beginning date 1/01/2007; end date 12/31/2007). | X | | | X | | | | | | | |
| 5579.2.4.1 | Contractors shall continue to send initial election provider files per prior instruction and not wait until the bi-weekly update. | X | | | X | | | | | | | |
| 5579.2.4.2 | Under certain circumstances, it may be necessary for the CAP Designated Carrier to request an updated file off cycle and contractors shall comply with any such request from the CAP Designated Carrier. | X | | | X | | | | | | | |
| 5579.3 | The CAP Designated Carrier shall update the claims processing system as necessary so that claims from the drug vendor are denied with no beneficiary liability when submitted with dates of service during any period when the provider was not eligible to receive payment under CAP for the reasons described by the new indicators. | | | | | | | | | | | CAP Designated Carrier |
| 5579.4 | Should a provider enrolled as part of a group in CAP be reinstated in the Medicare program after being sanctioned, and the reinstatement date is within an enrollment period for the group, the contractors shall use the date of the provider's re-enrollment as the date the previously sanctioned provider can again be part of the CAP program and order drugs through the CAP. | X | | | X | | | | | | | |
| 5579.4.1 | Contractors shall send a provider file to the CAP Designated Carrier showing the new date for when | X | | | X | | | | | | | |

| Number | Requirement | Responsibility (place an "X" in each applicable column) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | A/B MAC | DME MAC | FI | CARRIER | DMERC | RHHI | Shared-System Maintainers | | | | OTHER |
| | | | | | | | | FISS | MCS | VMS | CWF | |
| | the provider will be allowed to perform services and the end date of the CAP period per the group election. | | | | | | | | | | | |
| 5579.4.2 | Should a provider not enrolled as part of a group in CAP be reinstated in the Medicare program after being sanctioned, the contractors shall require the previously sanctioned provider to re-elect to be part of the CAP during the next CAP election period offered. | X | | | X | | | | | | | |
| 5579.4.3 | Contractors shall send a provider file to the CAP Designated Carrier as they normally do for a new election. | X | | | X | | | | | | | |
| 5579.4.4 | Contractors shall not consider a provider eligible again for the CAP after being sanctioned until they have again properly re-enrolled in the Medicare program | X | | | X | | | | | | | |
| 5579.5 | When denying claims based on any of the indicators, the CAP Designated Carrier shall return the following Remittance Advice and Medicare Summary Notice (MSN):<br><br>Claims Adjustment Reason Code B7 – This provider was not certified/eligible to be paid for this procedure/service on this date or service.<br><br>and<br><br>MSN – 17.11 – This item or service can not be paid as billed. | | | | | | | | | | | CAP Designated Carrier |
| 5579.6 | The standard system maintainer shall make necessary revision to allow the CAP Designated Carrier to be able to set up their own logic for CAP claims based on the CWF pay/process indicators. | | | | | | | | X | | | |
| 5579.7.1 | Based on the pay/process indicator received, the CAP Designated Carrier should add logic to either auto-deny or pay the claim accordingly. | | | | | | | | | | | CAP Designated Carrier |

## III. PROVIDER EDUCATION TABLE

| Number | Requirement | Responsibility (place an "X" in each applicable column) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | A/B MAC | DME MAC | FI | CARRIER | DMERC | RHHI | Shared-System Maintainers | | | | OTHER |
| | | | | | | | | FISS | MCS | VMS | CWF | |
| | None. | | | | | | | | | | | |

## IV. SUPPORTING INFORMATION

**A. For any recommendations and supporting information associated with listed requirements, use the box below:**
*Use "Should" to denote a recommendation.*

| X-Ref Requirement Number | Recommendations or other supporting information: |
|---|---|
| | |

**B. For all other recommendations and supporting information, use this space:**

## V. CONTACTS

**Pre-Implementation Contact(s):** For claims processing issues, Leslie Trazzi at leslie.trazzi@cms.hhs.gov. For policy issues, Cassandra Black at cassandra.black@cms.hhs.gov.

**Post-Implementation Contact(s):** Appropriate regional office.

## VI. FUNDING

**A. *For Fiscal Intermediaries, Carriers, and the Durable Medical Equipment Regional Carrier (DMERC),* use only one of the following statements:**

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.

**B. *For Medicare Administrative Contractors (MAC),* use the following statement:**

The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). The contractor is not obligated to incur costs in excess of the amounts alloted 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.