

CMS Manual System

Pub 100-20 One-Time Notification

Transmittal 225

Department of Health &
Human Services (DHHS)

Centers for Medicare &
Medicaid Services (CMS)

Date: MAY 5, 2006

Change Request 5077

SUBJECT: Requirements for Systems Changes Needed to Generate Unsolicited Responses to the VA

I. SUMMARY OF CHANGES: This CR will define the coding and systems changes necessary to fully implement the unsolicited response process to the VA.

NEW/REVISED MATERIAL

EFFECTIVE DATE: October 1, 2006

IMPLEMENTATION DATE: October 2, 2006

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/revise 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
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III. FUNDING:

The VA funds all work on this project.

IV. ATTACHMENTS:

One-Time Notification

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

Attachment – One-Time Notification

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SUBJECT: Requirements for Systems Changes Needed to Generate Unsolicited Responses

I. GENERAL INFORMATION

A. Background: This is Step 2 of a 2 step process. The first step (CR 4318) was to create an outline of all possible coding issues and implications related to generating unsolicited responses to the VA when a newly adjudicated Medicare claim partially or completely satisfies the Medicare Part A Deductible and/or Coinsurance. The VA will be required to review and approve all answers to the issues raised by CR 4318 prior to CMS beginning this 2nd step. In this 2nd step, this CR was created to fully implement the identified coding and systems changes needed with a target date of October 2006.

Current law permits the VA to collect appropriate Medicare deductible and coinsurance amounts from supplemental insurers for claims for supplies and services ordinarily covered by Medicare but furnished

1. At VA facilities; and
2. For veterans eligible to receive both VA health and Medicare benefits and also having Medicare supplemental insurance.

To facilitate this process, CMS entered into an interagency agreement with the VA whereby CMS will help the VA work with a CMS contractor to adjudicate these claims to produce a remittance advice equivalent to that ordinarily produced for Medicare claims. The remittance advice, sent to the supplemental insurers, will help the insurers determine payment amounts they owe to the VA. CMS will not pay these claims. TrailBlazer was the contractor selected to perform the work.

Part of this process involves the calculation of the deductible and coinsurance applicable to the Medicare-equivalent VA claims. CWF calculates the deductible and coinsurance based on true Medicare claims, i.e., for Medicare services, rendered by Medicare providers, to Medicare beneficiaries, and sends this information back to the contractor for this project. MCS and FISS further adjust the deductible and coinsurance information received from CWF with the deductible and coinsurance amounts that apply to the Medicare-equivalent VA claims. This arrangement results in a calculation of the deductible and coinsurance for the VA's equivalent of Part A and B claims.

The VA creates secondary claims including the Medicare-equivalent remittance advice notices and sends these claims to the Medicare supplemental insurers of Medicare beneficiaries who are also veterans eligible for the VA health benefits. While the VA is entitled by law to collect the deductible and coinsurance amounts that would have been payable had the claim been a true Medicare claim, it is generally permitted to do so only to the extent that there are no true Medicare claims for deductible and coinsurance submitted to the insurer for the same beneficiary for the same year. While the VA submits these Medicare-equivalent claims in good faith, based on the current deductible and coinsurance information within CWF and maintained by the standard systems, situations sometimes arise where a true Medicare claim is subsequently adjudicated and for whom the insurers' payment of deductible and/or

coinsurance is owed. When this occurs, and the supplemental insurer processes the true Medicare claim, it may deny the claim believing it has already paid the deductible and/or coinsurance, with the possible result of providers in turn billing the Medicare beneficiary for this amount. While the VA is willing to pay back the amounts it collected in error, it will not always know that this situation has occurred, and has asked Medicare to help it determine when this situation has transpired. The solution is an unsolicited response, sent to the VA, indicating that a change in Medicare deductible and/or coinsurance has occurred since the adjudication of the VA claim. The unsolicited response will show the amount of deductible and coinsurance approved for the affected VA claim and the total true Medicare deductible and coinsurance satisfied as of the date the Medicare claim was adjudicated. There will be one unsolicited response per affected VA claim. The unsolicited responses will be generated each time a Medicare claim affecting the deductible and coinsurance is adjudicated after the adjudication of a VA claim applying a deductible and/or coinsurance for the same year of service, even if the VA claim has not overlapped the deductible and coinsurance. This CR will result in the generation of these unsolicited responses for VA Part A-equivalent claims.

NOTE: It is possible that the same VA claim could be affected by successive Medicare claims applying a deductible and coinsurance. In such a case, there shall be a sequence of unsolicited responses for that VA claim, each response containing the same information about the VA claim but differing from previous unsolicited responses in the total true Medicare deductible and/or coinsurance satisfied as a result of the given Medicare claim.

B. Policy: When a Medicare beneficiary also eligible for veterans health benefits elects to obtain his/her health care at a VA facility, the VA is entitled to collect from the beneficiary's supplemental insurer the deductible and coinsurance that would have been payable had the beneficiary instead received services from a Medicare provider. However, differences in payment methodology between the VA and Medicare make it difficult for the supplemental insurers to calculate the Medicare-equivalent deductible and coinsurance. CMS is bound by its interagency agreement with the VA to adjudicate these claims to produce Medicare-equivalent remittance advice notices, which the VA attaches to secondary claims sent to the supplemental insurers to ease their calculation of the Medicare-equivalent deductible and coinsurance amounts. However, because the VA is entitled to collect these amounts only if there are no true Medicare claims for which the insurer should instead be paying, situations sometimes arise where the VA claim was submitted to the insurer and paid before a true Medicare claim was submitted to that insurer. In the spirit of the mutual support of the two Agencies represented in their interagency agreement, CMS has agreed to extend its aid to the VA by helping that Agency determine when they may need to refund deductible and/or coinsurance erroneously paid to them by Medicare supplemental insurers.

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: CR 4318

X-Ref Requirement #	Instructions

B. Design Considerations: CR 4318

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: This project, including this CR, is funded through the IA between CMS and the VA. The VA funds all work on this project.

E. Dependencies: N/A

F. Testing Considerations: N/A

V. SCHEDULE, CONTACTS, AND FUNDING

Effective Date*: October 1, 2006 Implementation Date: October 2, 2006 Pre-Implementation Contact(s): Stu Barranco, (410) 786-6152 Post-Implementation Contact(s): Stu Barranco, (410) 786-6152	The VA funds all work on this project.
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