CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-01 Medicare General Information, Eligibility, and Entitlement	Centers for Medicare & Medicaid Services (CMS)
Transmittal 44	Date: MAY 25, 2007
	Change Request 5446

SUBJECT: Fee-for-Service Contractor Transition Handbooks

I. SUMMARY OF CHANGES: This Change Request formally incorporates the existing Medicare Contractor Workload Transition Handbooks into the Internet-Only Manual (IOM).

NEW / REVISED MATERIAL
EFFECTIVE DATE: *January 4, 2006
IMPLEMENTATION DATE: July 2, 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=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
R	7/Table of Contents
N	7/ 80/Fee-for-Service Contractor Workload Transitions
N	7/ 80/80.1/Transition Handbooks
N	7/80/80.1.1/Workload Implementation Handbook
N	7/80/80.1.2/Workload Closeout Handbook

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:

Business Requirements
Manual Instruction

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

Attachment - Business Requirements

Pub. 100-01	Transmittal: 44	Date: May 25, 2007	Change Request: 5446

SUBJECT: Placement of Contractor Transition Workload Handbooks

Effective Date: January 4, 2006

Implementation Date: July 2, 2007

I.   GENERAL INFORMATION

A.   Background: This Change Request formally incorporates the existing Medicare Administrative Contractor Workload Implementation Handbook, the Carrier/Intermediary Workload Closeout Handbook, the Durable Medical Equipment Medicare Administrative Contractor Workload Implementation Handbook, and the Durable Medical Equipment Regional Carrier Workload Closeout Handbook into the Internet-Only Manual (IOM).

B.   Policy: The Centers for Medicare & Medicaid Services (CMS) is committed to ensuring that there is minimal disruption to providers and beneficiaries when claims processing operations are moved from one Medicare fee-for-service contractor to another.
As such, CMS has developed workload transition manuals to assist Medicare contractors with their transition activities.

II.   BUSINESS REQUIREMENTS TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)											
		A/B MAC	DME MAC	FI	CARRIER	DMERC	RHHI	EDC	Shared-System Maintainers				OTHER
									FISS	MCS	VMS	CMS	
5446.1	Contractors shall use the appropriate Medicare Administrative Contractor Workload Implementation Handbook, Durable Medical Equipment Medicare Administrative Contractor Workload Implementation Handbook, Carrier/Intermediary Workload Closeout Handbook, or Durable Medical Equipment Regional Carrier Workload Closeout Handbook when participating in a contractor workload transition.	X	X	X	X	X	X						

III.   PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)											
		A / B MAC	D M E MAC	F I	C A R R I E R	D M E R C	R H H I	E D C	Shared-System Maintainers				OTHER
									FISS	MCS	VMS	CMS	
	None												

IV.   SUPPORTING INFORMATION

A. For any recommendations and supporting information associated with listed requirements, use the box below:

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): John Amrhein, john.amrhein@cms.hhs.gov, 410-786-7447

Post-Implementation Contact(s): John Amrhein, john.amrhein@cms.hhs.gov, 410-786-7447

VI. FUNDING

A. *For TITLE XVIII Contractors:*

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY2007 operating budgets.

B. *For Medicare Administrative Contractors (MAC)***, use only one of the following statements:**

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 specified 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.

General Information, Eligibility, and Entitlement Manual
Chapter 7 - Contract Administrative Requirements

Table of Contents
(Rev.44, 05-25-07)

80 – Fee-for-Service Contractor Workload Transitions
(Rev.44, Issued: 05-25-07, Effective: 01-04-06, Implementation: 07-02-07)

Fee-for-Service contractor workload transitions occur when: 1) a Medicare carrier or fiscal intermediary's Title XVIII contract is either non-renewed or is terminated; or 2) a Medicare Administrative Contractor's (MAC) period of performance ends or its contract is terminated. When either of these two circumstances occurs, the outgoing contractor must work with the new incoming contractor to transfer the Medicare workload without any disruption to providers and beneficiaries.

During a transition, the outgoing contractor has responsibilities and processes for closing out its Medicare contract and shutting down its operation. It must also assist the new incoming contractor in its efforts to assume the Medicare claims administration functions. Concurrently, the incoming contractor must establish an operational infrastructure and ensure that all data, records, and functions are properly transferred from the outgoing contractor. Both parties have a responsibility to ensure that the transition is conducted seemlessly and that all contractual obligations are met during the transition.

80.1 - Transition Handbooks
(Rev.44, Issued: 05-25-07, Effective: 01-04-06, Implementation: 07-02-07)

The Medicare Contractor Management Group (MCMG) in the Center for Medicare Management has developed handbooks in order to assist fee-for-service contractors with the transfer of Medicare workload from one contractor to another. There are two basic handbooks: one for incoming contractors (workload implementation handbook) and one for outgoing contractors (workload closeout handbook).

Every Medicare workload transition will vary depending on the unique circumstances and environment of the Medicare contractors involved. There may be activities and processes described in the handbooks that, for various reasons, will not be applicable to a specific transition. There may also be activities that will need to be performed that the handbooks do not cover. The handbooks cannot identify and address all of the variations that may occur during a workload transition. However, the overall activities described in the handbooks for managing a workload implementation or closeout project and the requirements contained therein for meetings, reporting, and providing information, data, and records are part of the IOM and incorporated by reference into the carrier, fiscal intermediary, and MAC contracts.

80.1.1 – Workload Implementation Handbook
(Rev.44, Issued: 05-25-07, Effective: 01-04-06, Implementation: 07-02-07)

The workload implementation handbook has two versions: the Medicare Administrative Contractor Workload Implementation Handbook, which is found on the CMS website at:

http://www.cms.hhs.gov/MedicareContractingReform/Downloads/MACImplementationHandbook.pdf,

and the Durable Medical Equipment Medicare Administrative Contractor Workload Implementation Handbook, which is found at:

http://www.cms.hhs.gov/MedicareContractingReform/Downloads/DME_MAC_Implementation_Handbook.pdf

The handbooks describe the basic responsibilities and processes necessary for an incoming contractor to establish an infrastructure, obtain resources, communicate with project stakeholders, and transfer the outgoing contractor's Medicare files and data.

Both handbooks consist of 14 chapters and 9 exhibits as discussed below:

1. *Chapter 1: Introduction provides an introduction to the handbook and the goals for a successful workload transition.*

2. *Chapter 2: CMS Organization provides information on the duties and responsibilities of CMS's transition oversight staff.*

3. *Chapter 3: Getting Started describes the activities that are necessary to start the implementation process. It discusses establishment of the implementation team, kickoff meetings, and the organization and function of transition workgroups. The chapter also addresses initial notification activities.*

4. *Chapter 4: Implementation Management discusses the approach that a MAC may take for the implementation project. It includes the assessment of the outgoing contractor's Medicare operation and a discussion on information and deliverables required from the carrier/intermediary.*

5. *Chapter 5: Obtaining Resources and Establishing Infrastructure provides helpful information about personnel and facilities preparation. The chapter also covers hardware/software and telecommunication requirements, data center information, and electronic data interchange (EDI).*

6. *Chapter 6: Transfer of Carrier/Intermediary Operations describes the activities associated with moving the actual workload and Medicare functions from the carrier/intermediary, DMERC, or MAC. This includes analyzing the various functional areas, file transfer activities, asset inventory, and miscellaneous operational considerations.*

7. *Chapter 7: Interaction with Other Transition Organizations discusses the major organizations with which the MAC will work during the implementation and the basic responsibilities of each.*

8. *Chapter 8: Testing discusses the establishment of a test plan. It also describes the various tests that the MAC can perform in order to ensure that it will be able to process claims and perform its Medicare functions.*

9. *Chapter 9: Cutover covers the actual migration of records, files, and data (both physically and electronically) to the MAC, as well as any resources and infrastructure. The chapter also provides information on cutover plans, system dark days, and the reduction of the payment floor.*

10. *Chapter 10: Post-Cutover describes the activities that occur after cutover, including workload reporting and lessons learned.*

11. *Chapter 11: CMS Monitoring Requirements provides information on the various meetings that are necessary during a transition. It also describes the reporting requirements so that CMS may monitor the MAC's implementation progress.*

12. *Chapter 12: Communications discusses the approach and tasks associated with providing information about the transition to all direct and indirect stakeholders in the transition. This includes providers, beneficiaries, trading partners, medical and specialty groups, government officials, advocacy groups, and other interested parties.*

13. *Chapter 13: Financial Processes provides information on the financial activities required to move the Medicare workload. It discusses cash management and banking tasks, the accounts receivable reconciliation, and 1099 issues. There is also a section that provides information on vouching protocols.*

14. *Chapter 14: Risk Management discusses risk management processes including risk assessment, risk mitigation, and contingency plans.*

15. *Exhibits:*

   Exhibit 1   Transition Phases and Terminology

   Exhibit 2   MAC Contract Administrative Structure

   Exhibit 3   Major Tasks and Activities Associated with a Workload Transition

   Exhibit 4   Outgoing Contractor Information/Documentation

   Exhibit 5   Files to be Transferred to a Medicare Administrative Contractor

   Exhibit 6   Sample Workload Report

   Exhibit 7   MAC Workload Implementation Meeting and Documentation Guide

   Exhibit 8   Glossary

Exhibit 9   Abbreviations

80.1.2 - Workload Closeout Handbook
(Rev.44, Issued: 05-25-07, Effective: 01-04-06, Implementation: 07-02-07)

There are two versions of the workload closeout handbook: the Carrier/Intermediary Workload Closeout Handbook, found on the CMS website at:

http://www.cms.hhs.gov/MedicareContractingReform/Downloads/CI_Closeout.pdf,

and the Durable Medical Equipment Regional Carrier Workload Closeout Handbook, found at:

http://www.cms.hhs.gov/MedicareContractingReform/Downloads/Outgoing_DMERC_H andbook.pdf .

The handbooks describe the basic responsibilities and procedures for a carrier or intermediary to close out its Medicare contract activities and to assist an incoming contractor in its efforts to assume Medicare claims administration functions. While the handbooks are written specifically for Title XVIII Medicare carriers and fiscal intermediaries, they could be of use to a Medicare Administrative Contractor should its contract be ending.

The workload closeout handbook consists of 8 chapters and 10 exhibits as discussed below:

1. *Chapter 1: Introduction provides an introduction to the handbook and the goals for a successful workload transition.*

2. *Chapter 2: CMS Organization provides information on the duties and responsibilities of CMS's transition oversight staff.*

3. *Chapter 3: Initial Closeout Activities describes the activities that are necessary to start the contract closeout process. It discusses establishment of the closeout project team, project kickoff meetings, and the organization and function of transition workgroups. The chapter also addresses initial notification activities.*

4. *Chapter 4: Project Management discusses the various tasks necessary to manage the closeout process. This includes developing the Closeout Project Plan, the use of consultants, interaction with the incoming MAC, communications, and meeting and reporting requirements.*

5. *Chapter 5: Personnel and Infrastructure provides information on personnel issues and CMS policy on retention bonuses and severance pay. It also discusses policy on terminating subcontracts, asset inventory and disposition, and security.*

6. *Chapter 6: Closeout Operations and Providing Information/Assistance* discusses the approach that a carrier/intermediary may take for its closeout operations and the type of information that should be provided to assist the MAC in its implementation. It also covers file transfer activities and assisting the MAC in its communication efforts.

7. *Chapter 7: Cutover and Post-Cutover Activities* covers the activities associated with final preparations for the operational closeout and the migration of records, files, and data. In addition, the chapter provides information on cutover plans, system dark days, lessons learned, and post-cutover reporting.

8. *Chapter 8: Financial Processes* provides information on the development of closeout costs and the financial activities required to move the Medicare workload. It discusses the development of transition and termination costs, banking activities, the accounts receivable reconciliation, audits, and 1099 responsibilities.

9. *Exhibits:*

    Exhibit 1   *Transition Phases and Terminology*

    Exhibit 2   *MAC Contract Administrative Structure*

    Exhibit 3   *Financial Memorandum to Outgoing Contactors*

    Exhibit 4   *Sample Closeout Project Plan*

    Exhibit 5   *Outgoing Contractor Information/Documentation*

    Exhibit 6   *Files to be Transferred to a Medicare Administrative Contractor*

    Exhibit 7   *Workload Closeout Meetings and Documentation*

    Exhibit 8   *Sample Workload Report*

    Exhibit 9   *Sample Staffing Report*

    Exhibit 10   *Glossary*