CMS Manual System

Pub 100-06 Medicare Financial Management

Transmittal 78

Department of Health & Human Services (DHHS)

Center for Medicare & Medicaid Services (CMS)

Date: SEPTEMBER 30, 2005

Change Request 4016

SUBJECT: Coordination of Benefits Agreement (COBA) Process for Contractor Financial Staff Notification

I. SUMMARY OF CHANGES: Through this change request, contractors and their shared systems maintainers shall use the BHT03 (Beginning of Hierarchical Transaction Reference Identification) segment provided on the COBA ID/Claim Count report that goes to the contractor financial staff for claims crossover reimbursement reconciliation.

NEW/REVISED MATERIAL

EFFECTIVE DATE: October 31, 2005

IMPLEMENTATION DATE: October 31, 2005

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	1/450/Coordination of Medicare and Complementary Insurance Programs

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2005 operating budgets.

IV. ATTACHMENTS:

Business Requirements

Manual Instruction

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

Attachment - Business Requirements

Pub. 100-06	Transmittal: 78	Date: September 30, 2005	Change Request 4016

SUBJECT: Coordination of Benefits Agreement (COBA) Process for Contractor Financial Staff Notification

I. GENERAL INFORMATION

A. Background: Through Transmittal 130 (Change Request [CR] 3614), dated December 17, 2004, all contractor shared systems were instructed to develop a unique 21-digit identifier to be populated in the BHT 03 (Beginning of Hierarchical Transaction Reference Identification) portion of the 837 flat file that is sent to the Coordination of Benefits Contractor (COBC) to be crossed over. That instruction also provided guidance to the Durable Medical Equipment Regional Carrier (DMERC) shared system regarding population of this identifier within the 504-F4 (Message) portion of the National Council for Prescription Drug Programs (NCPDP) file. This identifier was developed to track a particular file from the contractor, to the COBC, and through the invoicing, payment by the Trading Partner, and reimbursement to the contractor. The BHT03 identifier was also developed to track specific claims that were rejected and appeared on error reports generated by the COBC. Contractors received basic guidance regarding COBA financial management processes through Transmittal 138 (CR 3218), dated April 9, 2004. This instruction expounds upon that guidance.

B. Policy: As outlined in the annual Budget and Performance Requirements (BPRs), contractors will be reimbursed for claims that successfully cross over to the trading partners. As described in Transmittal 586 (CR 3906), contractors, and their shared systems maintainers, shall add the BHT03 identifier to the Coordination of Benefits Agreement Identification Number (COBA ID)/Claim Count report that is furnished to the contractor financial staff for reconciliation of crossover claim reimbursements. Contractors shall implement the COBA financial management processes as described within this instruction.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement
"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)					
		F I	R H H	C A R	D M E		

						FISS	MCS	VMS	CWF		
4016.1	Contractors and their shared systems maintainers shall populate the 837 flat file with the 21-digit unique identifier created from the issuance of Transmittal 130 (CR 3614) in the BHT03 (Beginning of Hierarchical Transaction Reference Identification) segment and an additional 1-digit to the BHT03 segment identifying the file as Test (T) or Production (P) per Transmittal 586 (CR 3906).	X	X	X	X	X	X	X			X
4016.2	Effective October 3, 2005, contractors shall only report the number of "production" COBA claims that were crossed over to the COBC along with the unique value populated in the BHT03 segment (including the Production (P) indicator) of each file to their financial staff, as directed in CR 3906, to facilitate reconciliation of reimbursements due to the contractor.	X	X	X	X						
4016.2.1	System reports shall be used to establish (1) the dollar amounts of credits for claims crossed to the COBC for transmittal to supplemental insurers and (2) related workload reporting.	X	X	X	X						
4016.2.2	The reports shall include, at a minimum, data that are formatted similar to those elements developed for the receipt of the COBC Detailed Error Report, created by Transmittal 474 (CR 3709). **NOTE:** A claim may be crossed to more than one trading partner. System reports shall reflect that situation when more than one COBA ID is included in a Common Working File (CWF) response trailer (29).	X	X	X	X						
4016.3	Contractors shall decrease the number of claims from the reported amount on a particular BHT03 segment (when the last digit of the segment is a "P") to their financial staff based on the receipt of a COBC Detailed Error Report, which includes the same BHT03 ID.	X	X	X	X						
4016.3.1	Contractor financial staff shall not expect reimbursement for any claims that appear on the error report and shall adjust financial records (accrued credits) accordingly.	X	X	X	X						

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)									
		FI	RHHI	CARRIER	DMERC	FISS	MCS	VMS	CWF		
4016.4	If a Trading Partner receives a paper claim from a provider before it processes the electronic claim from the COBC, the Trading Partner will still have payment responsibility for the claim crossed over by the COBC. Therefore, the contractor financial staff shall expect payment for such claims.	X	X	X	X						
4016.5	For COBA IDs that fall in the range for Medicaid claims (70000-77999), contractors shall not expect payment on these claims, and shall subtract that number of claims from the amount reported to their contractor financial staff for a particular BHT03 segment that contains a "P".	X	X	X	X						
4016.6	There are certain situations in which contractors will not be reimbursed for production claims that did cross over and did not appear on a COBC Detailed Error Report. These non-error report adjustments include (1) claims that may be crossed by both the contractor and the COBC within the first thirty (30) days of production; (2) write-offs approved by CMS; (3) claims that can't be read by the trading partner and therefore, cannot be disputed at the ICN level; and (4) other as defined by CMS. The non-error report adjustments may or may not identify the BHT03 number or the ICN, but will include a total count for the situations listed above. Contractor financial contacts will be notified of these adjustments monthly and no later than the same business day that reimbursements are received. Contractors shall not expect reimbursement and adjust financial records (accrued credits) accordingly.	X	X	X	X						
4016.7	Each contractor's financial staff shall use the remittance advice accompanying a monthly deposit, which links a specific BHT03 segment with the number of claims that were actually	X	X	X	X						

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)									
		FI	RHHI	CARRIER	DMERC	FISS	MCS	VMS	CWF		
	crossed over in production on that file (and not rejected due to flat file errors, HIPAA validation errors, trading partner accepted disputes, or non-error report adjustments), to reconcile the reimbursement received against reimbursement expected for a particular BHT03 value. See Attachment A for the remittance advice format. See Attachment B for special rules for interim financial reporting in Fiscal Year (FY) 2005.										
4016.7.1	Contractors shall not expect any claims that contain a Julian date in the BHT03 segment that is within two (2) business days of the end of the month to be billed on that month's invoice to the trading partner. Those claims will be billed on the following month's invoice.	X	X	X	X						
4016.8	Contractors shall provide CMS with appropriate banking information to facilitate payment via automatic funds transfer. (NOTE: The remittance advice for reimbursement will be sent electronically to the contractor's bank. If the contractor would prefer a hard copy of the advice, they must request one by sending an e-mail to COBAProcess@cms.hhs.gov.)	X	X	X	X						
4016.8.1	Contractors shall be responsible for notifying CMS of any updates to their current banking information by sending an e-mail to COBAProcess@cms.hhs.gov for the purpose of requesting a telephone call from CMS to discuss the changes.	X	X	X	X						
4016.9	Contractors will receive reimbursement into one bank account that is associated to the contractor number used for Contractor Administrative-Budget and Financial System (CAFM) II reporting. The contractor shall be responsible for providing CMS with a list of all contractor numbers that are combined for reporting purposes to the CAFM II contractor number.	X	X	X	X						

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)									
		FI	RHHI	CARRIER	DMERC	FISS	MCS	VMS	CWF		
	(NOTE: A contractor that has the same bank account for different lines of business [i.e. a contractor that acts as an intermediary and a carrier] will only receive one remittance advice monthly, which will include reimbursement for both the intermediary and carrier.)										
4016.9.1	A comparison and variance report is available in CAFM II for reconciliation purposes. The contractors shall reconcile total credits received and total accrued credits on the comparison and variance reports monthly.										
4016.9.2	Contractors shall send notification of financial contact information to COBAProcess @cms.hhs.gov upon issuance of this CR.	X	X	X	X						
4016.9.3	Updates to the contact information provided shall be sent to COBAProcess@cms.hhs.gov as they occur.	X	X	X	X						

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)									
		FI	RHHI	CARRIER	DMERC	Shared System Maintainers				Other	
N/A											

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

V. SCHEDULE, CONTACTS, AND FUNDING

Effective Date*: October 31, 2005 **Implementation Date:** October 31, 2005 **Pre-Implementation Contact(s):** Brian Johnson (410)786-7601 or Donna Kettish (410) 786-5462 **Post-Implementation Contact(s):** Brian Johnson (410)786-7601 or Donna Kettish (410)786-5462	**No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2005 operating budgets.**

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

***Two (2) Attachments**

ATTACHMENT A

Remittance Advice Format

COBA – ACH
(Sample Output)

Medicare Contractor
2 Wellness Way
Healthville, USA

This payment represents collections during the period 200407

Date of Issue: September 13, 2005 Amount: $21.87 Advice No.: 1000000006

Contractor Number	CRI/BHT03 Reference Number		COBA ID	Claim Type	Claim Count	Claim Rate	Credit
05111	05111	051790000301	0000000013	Part B	10	0.52	5.20
05111	05111	051790000301	0000000011	Part B	5	0.52	2.60
Subtotal:					15		7.80
05222	05222	051780000601	0000001114	Part A	10	0.67	6.70
05222	05222	051790000501	0000000014	Part A	10	0.67	6.70
05222	05222	051790000601	0000000012	Part A	1	0.67	0.67
Subtotal:					21		14.07
				Total:	36		21.87

Advice of Payment
Payment for $21.87 was remitted on September 13, 2005, to Mellon Bank for deposit to account 30121228.

ATTACHMENT B

INTERIM FINANCIAL REPORTING FOR FISCAL YEAR 2005

Since contractors may not have a report of only production claims in effect until October 3, 2005, the following procedures shall be followed for financial reporting for Fiscal Year (FY) 2005:

1. The initial trading partner going into production in FY 2005 occurred on June 27, 2005. Due to the Medicare payment floor hold, few claims were crossed over before June 30, 2005.

2. Claims that were crossed through June 30, 2005, are invoiced by the third business day in August with a payment due net thirty (30) days.

3. On the eighth business day in September, reimbursement will be deposited into the contractor bank accounts. Subsequent deposits may occur due to late payments by the trading partner or unresolved disputes.

4. Beginning with September, the contractors shall report all cash deposits received in FY 2005, in the appropriate month received, in the Contractor Administrative-Budget and Financial Management System (CAFM) II reports. Cash shall be reported in the proper fiscal year by referring to the BHT03 on the remittance advice. Subsequent adjustments to CAFM II reporting will be performed (per current instructions) to report all cash received to the correct fiscal year in which it was earned and accrued.

5. In FY 2005, CMS and the COBC will be responsible for reporting an accrual at the contractor level in CAFM II for the appropriate month.

6. Effective October 3, 2005, accrual reporting in CAFM II, based on the BHT03 report available through CR 3906, will be the responsibility of the contractor.

450 - Coordination of Medicare and Complementary Insurance Programs –
(Rev.78, Issued: 09-30-05, Effective: 10-31-05, Implementation: 10-31-05)

The release of title XVIII claims information for complementary health insurance purposes is permitted (under specified conditions) by Regulation No. 1 (Disclosure of Official Records and Information). This section establishes financial policies concerning identification of costs related to the release of this information by the contractor.

A contractor may release Medicare claims information for complementary insurance purposes to a complementary insurer, including its own complementary insurance operation, to beneficiaries, their authorized representatives, and to Social Security offices (SSOs).

A complementary insurer must pay the required charges for the release of Medicare claims information. The Medicare program absorbs charges for supplying duplicate Medicare Summary Notice (MSN) or billing forms to beneficiaries, their authorized representatives, and to SSOs. (See Medicare Bill Processing, Chapter 21, Medicare Summary Notice).) If a contractor has a written agreement with a complementary insurer to provide Medicare claims information, it may not charge a fee to anyone, other than the complementary insurer, for this effort.

The CMS began efforts to consolidate the claims crossover process under the Coordination of Benefits Contractor (COBC) on July 6, 2004. The effort to consolidate the claims crossover process, known as the Coordination of Benefits Agreement (COBA) initiative, was implemented on a small-scale beginning July 6, 2004. The COBC started the process of marketing and entering into agreements, known as COBAs, with trading partners that initially participated as beta-site testers during a parallel production crossover period. Under the smaller-scale COBA process, ten trading partners participated in a parallel production crossover process, whereby they continue to receive crossover claims from intermediaries and carriers while also receiving claims from the COBC. This parallel production process will continue until CMS, the COBC, and the trading partners conclude the testing results demonstrate a high level of confidence. The larger-scale COBA process, where additional trading partners are first identified as testing participants with the COBC and then are moved to crossover production with the COBC following the successful completion of testing, may be activated at any time during the COBA parallel production process. Refer to Pub.100-04, Medicare Claims Processing Manual, §70.6 for more details.

In addition to executing national COBAs, the COBC will also invoice, collect, and reconcile fees arising from the claims that it crosses over to trading partners. The COBC will also be tasked with distributing collected crossover fees to Medicare intermediaries and carriers.

Contractors were instructed through Transmittal 130 (Change Request [CR] 3614), dated December 17, 2004, to populate the 837 flat file with a 21-digit unique identifier in

the Beginning of Hierarchical Transaction (BHT03) segment. Transmittal 586 (CR 3906), dated June 17, 2005, will add an additional digit to that BHT03 segment identifying the file as Test (T) or Production (P). Contractors shall report only these "production" claims sent to the COBC to their financial staff along with the unique value populated in the BHT03 segment, to facilitate reconciliation of reimbursements due to the contractor and related workload reporting. System reports shall include, at a minimum, formatted data similar to those developed for the receipt of the COBC Detailed Error Report, created in Transmittal 474 (CR 3709), dated February 11, 2005. It is possible for a claim to be crossed over to more than one trading partner. System reports shall reflect those situations when more than one Coordination of Benefits Agreement Identification Number (COBA ID) is included in a Common Working File (CWF) response trailer (29).

Contractors shall decrease the number of claims from the reported amount on a particular BHT03 segment (when the last digit of the segment is a "P") to their financial staff based on the receipt of a COBC Detailed Error Report. Contractor financial staff shall not expect reimbursement for any claims that appear on the error report and shall adjust financial records (accrued credits) accordingly. If a trading partner receives a paper claim from a provider before it processes the electronic claim from the COBC, the trading partner will still have payment responsibility for the claim crossed over by the COBC. Therefore, the contractor financial staff shall expect payment for such claims. For COBA IDs that fall in the range for Medicaid claims (70000-77999), contractors shall not expect payment on these claims, and shall subtract that number of claims from the amount reported to their contractor financial staff for a particular BHT03 segment that contains a "P". There are certain situations in which contractors will not be reimbursed for production claims that did cross over and did not appear on a COBC Detailed Error Report. These non-error report adjustments include (1) claims that may be crossed by both the contractor and the COBC within the first thirty (30) days of production; (2) write-offs that are approved by CMS; (3) claims that can't be read by the trading partner and, therefore, cannot be disputed at the Internal Control Number (ICN) level; and (4) other as defined by CMS. The non-error report adjustments may or may not identify the BHT03 number or the ICN, but will include a total count for the situations listed above. The contractor's financial contacts will be notified of these adjustments monthly, no later than the same business day that reimbursements are received. Contractors shall not expect reimbursement and adjust financial records (accrued credits) accordingly.

Each contractor's financial staff shall use the remittance advice accompanying a monthly deposit, which links a specific BHT03 segment with how many claims were actually crossed over on that file (and not rejected due to flat file errors, HIPAA validation errors, trading partner accepted disputes, or non-error report adjustments), to reconcile the reimbursement received against reimbursement expected for a particular BHT03 value. Contractors shall not expect any claims that contain a Julian date in the BHT03 segment that is within two (2) business days of the end of the month to be billed on that month's invoice to the trading partner. Those claims will be billed on the following month's invoice.

Contractors shall provide CMS with appropriate banking information to facilitate payment via automatic funds transfer. (NOTE: The remittance advice for reimbursement will be sent electronically to the contractor's bank. If the contractor would prefer a hard copy of the advice, they must request one by sending an e-mail to COBAProcess@cms.hhs.gov). Contractors shall be responsible for notifying CMS of any updates to their current banking information by sending an e-mail to COBAProcess@cms.hhs.gov for the purpose of requesting a telephone call from CMS to discuss the changes. Contractors will receive reimbursement into one bank account associated to the contractor number used for Contractor Administrative-Budget and Financial System (CAFM II) reporting. The contractor shall provide CMS with a list of all contractor numbers that are combined for reporting purposes to the CAFM II contractor number. A comparison and variance report is available in CAFM II for reconciliation purposes. The contractor shall reconcile total credits received and total accrued credits on the comparison and variance reports monthly.

Contractors shall send initial notification of financial contact information to COBAProcess@cms.hhs.gov as well as updates to that contact information, as they occur.