

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 598	Date: November 23, 2009
	Change Request 6681

SUBJECT: Instructions on How Contractors Must Process Medicare Secondary Payer Claims When Negative Claim Adjustment Reason Code (CARC) Amounts are Received in the Claim Adjustment Segment (CAS) for Certain MSP Claims that are Suspended

I. SUMMARY OF CHANGES: The CR instructs contractors not to add the CAS amounts to the paid amount in situations where the adjustment is a negative amount.

NEW / REVISED MATERIAL

EFFECTIVE DATE: *December 21, 2009

IMPLEMENTATION DATE: December 21, 2009

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
N/A	

III. FUNDING:

SECTION A: For Fiscal Intermediaries and Carriers:

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

SECTION B: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted 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.

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: Instructions on How Contractors Must Process Medicare Secondary Payer (MSP) Claims When Negative Claim Adjustment Reason Code (CARC) Amounts are Received in the Claim Adjustment Segment (CAS) for Certain MSP Claims that are Suspended

EFFECTIVE DATE: December 21, 2009

IMPLEMENTATION DATE: December 21, 2009

I. GENERAL INFORMATION

- A. **Background:** Change Requests (CRs) 6426 and 6427 instruct the Part A and Part B shared systems and Medicare Contractors to utilize adjustments and associated amounts found in the CAS segment when processing MSP claims. Business requirements (BRs) 6426.9 and 6427.9 instruct the shared systems to suspend MSP claims when certain CARCs appear on MSP claims. When a CARC from BR 6426.6 or BR 6427.6 is also found on an MSP claim that is suspended for contractor review due to the instructions found in BR 6426.9 or BR 6427.9, contractors are required to add the adjustment amount to the primary payer payment amount. However, some of these types of incoming MSP claims described in this paragraph contain a negative CARC adjustment and, based on previous instruction, the shared systems add the adjustment to the paid amount. This has caused incorrect secondary payment calculations. This CR instructs contractors to remove the shared system added CAS amounts from the paid amount in situations where the CAS adjustment is a negative amount when the claim is suspended for review due to BRs 6426.9 or 6427.9.
- B. **Policy:** Some shared systems have already programmed their systems, or will soon program their systems, to follow the instructions identified in this change request. Those contractors whose system is not yet programmed, or whose system is not working appropriately, are to follow these instructions when reversing CARC adjustments as found in BR 6426.6 and 6427.6. All Part A and Part B contractors and associated shared systems must utilize CAS segment adjustments, as found on the 837 claim, when adjudicating claims to properly calculate Medicare’s secondary payment.

II. BUSINESS REQUIREMENTS TABLE

Use “Shall” to denote a mandatory requirement

Number	Requirement	Responsibility (place an “X” in each applicable column)									
		A	D	F	C	R	Shared-System Maintainers				OTH ER
		/	M	I	A	H	F	M	V	C	
		B	E		R	H	I	S	S	S	W
			M		I						
			A		E						
			C		R		S	S	S	F	

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B	D M E	F I	C A R R I E R	R H I	Shared-System Maintainers				OTH ER
							F I S S	M C S	V M S	C W F	
6681.1	Medicare contractors shall not add a CAS CARC adjustment amount to the primary payer's paid amount in situations where the same CARC and CAS adjustment on the incoming MSP claim is a negative amount when a CARC from BR 6426.6 or BR 6427.6 is found on an MSP claim that is suspended for contractor review based on BR 6426.9 or 6427.9.	X	X	X	X	X					
6681.1.1	If the CAS adjustment as found in BR 6426.6 or 6427.6 is already added to the MSP claim by the shared system and the same CARC and CAS adjustment already existed on the incoming MSP claim in the CAS as a negative adjustment, the contractor shall remove the shared system duplicate added adjustment from the primary payer payment amount when such a claim is suspended for review in accordance with BR 6426.9 and BR 6427.9.	X	X	X	X	X					
6681.2	Medicare contractors shall remove the CAS adjustment amount added by the share system to the primary payer paid amount on any MSP claim, as necessary, retroactive to July 6, 2009, if all of the following conditions are met: The claims were suspended, based on BR 6426.9 or BR 6427.9; the same CARC and adjustment found in BR 6426.6 or 6427.6 already exists on the incoming MSP claim in the CAS as a negative adjustment; and the shared system added a duplicate CARC adjustment to the primary payer payment amount due to the instructions found in BR 6426.6 or BR 6427.6.	X	X	X	X	X					
6681.2.1	Contractors shall adjust these types of MSP claims only if the contractor kept a reported record of these claims or it has been brought to the contractors' attention.	X	X	X	X	X					

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D M E M A C	F I M A C	C A R R I E R	R H H I	Shared-System Maintainers				OTH ER
						F I S S	M C S	V M S	C W F		
	None										

IV. SUPPORTING INFORMATION

Section 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:
6681.1	CR 6426 and 6427

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

V. CONTACTS

Pre-Implementation Contact(s): Richard.Mazur2@cms.hhs.gov , (410) 786-1418

Post-Implementation Contact(s): Richard.Mazur2@cms.hhs.gov , (410) 786-1418

VI. FUNDING

Section A: For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs), and/or Carriers:

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

Section B: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted 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.