DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

MLN Matters® Number: MM9818 Revised **Related Change Request (CR) #: CR 9818**

Related CR Release Date: May 24, 2017 **Effective Date: October 1, 2013**

Related CR Transmittal #: R3779CP **Implementation Date: April 3, 2017**

Instructions to Process Services Not Authorized by the Veterans Administration (VA) in a Non-VA Facility Reported with Value Code (VC) 42

Note: This article was revised on May 25, 2017, due to an updated Change Request (CR) that clarified language, which is stated in this article (**in bold**) on page 2. The transmittal number, CR release date and link to the CR also changed. All other information remains the same.

Provider Types Affected

This MLN Matters® Article is intended for hospitals and skilled nursing facilities who submit inpatient claims to Medicare Administrative Contractors (MACs) for services provided to Medicare beneficiaries.

Provider Action Needed

CR 9818 corrects a misinterpretation of the changes made with CR8198 - Updating the Shared Systems and Common Working File (CWF) to no Longer Create Veteran Affairs (VA) "I" records in the Medicare Secondary Payer (MSP) Auxiliary File. CR9818 clarifies how Medicare contractors will process inpatient claims for services in a Non-VA facility that were not authorized by the VA. Make sure that your billing staff are aware of these changes.

Background

The **Social Security Act (Section 1862(a) (3)** precludes Medicare from making payment for services or items that are paid for directly or indirectly by another government entity.

The Centers for Medicare & Medicaid Services (CMS) issued MLN Matters® **Special Edition Article (SE) 1517** to provide clarification and coding reminders for billing

Medicare when the Department of Veterans Affairs (VA) is involved for a portion of the services.

CMS was recently notified of a scenario where a hospital cannot follow the instructions in SE 1517 to split the claim to bill Medicare for only the non-VA authorized services as instructed in SE 1517.

When a Medicare beneficiary is also eligible for veterans health benefits and elects to obtain his/her health care at a VA facility, law entitles the VA to collect from the beneficiary's supplemental insurer the coinsurance and deductibles that would have been payable had the beneficiary instead received services from a Medicare provider (law, however, prohibits Medicare from paying for these claims). Currently, through an interagency agreement between CMS and the VA, CMS systems adjudicate the VA claims on a no-pay basis to determine the amounts Medicare would have paid for equivalent services rendered by Medicare providers along with the coinsurance and deductible amounts applicable.

Medicare is precluded from making payment for services or items that are paid for directly or indirectly by another government entity. For inpatient claims where the VA is the Payer, the covered VA services are exclusions to the Medicare program per Section 1862 of the Social Security Act. If the VA doesn't approve all the services, any Medicare covered services not considered by the VA may be billed to the Medicare program.

When a VA- eligible beneficiary chooses to receive services in a Medicare Certified Facility for which the VA has not authorized, the facility shall use Condition Code 26 to indicate the patient is a VA eligible patient and chooses to receive services in a Medicare Certified provider instead of a VA facility and value code 42 with the amount of the VA payment for the authorized days.

MACs will accept value code '42' on inpatient claims with type of bill codes 11X, 18X, 21X, 41X and 51X. MACs will calculate the Medicare payment for an inpatient claim when condition code '26' and value code '42' are present on a claim. However, MACs will return the claim to the provider if CC '26' is present without VC '42' or vice versa.

Additional Information

The official instruction, CR9818, issued to your MAC regarding this change is available at **https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2017Downloads/R3779CP.pdf**.

Special Edition Article (SE) 1517 is available at **https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/SE1517.pdf**.

If you have any questions, please contact your MAC at their toll-free number. That number is available at **https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/Review-Contractor-Directory-Interactive-Map/**.

Document History

Date of Change	Description
May 25, 2017	The article was revised due to an updated CR that clarified language, which is stated in this article (in bold) on page 2. The transmittal number, CR release date and link to the CR also changed.
February 17, 2017	The article was revised on, to reflect a revised CR9818 issued on February 14. In the article, the CR release date, transmittal number, and the Web address for accessing the CR were revised.
October 31, 2016	Initial article issued