DEPARTMENT OF HEALTH & HUMAN SERVICES
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Medicare-Medicaid Coordination Office

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TO: Medicare-Medicaid Plans

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SUBJECT: Preliminary Guidance for the Reporting of Encounter Data - INFORMATION

Under the capitated model of the financial alignment demonstrations, the Medicare-Medicaid Coordination Office is working with States to test a new payment and service delivery model to improve the quality of care that individuals dually eligible for Medicare and Medicaid (Medicare-Medicaid enrollees) receive. The goals are to expand access to seamless, integrated programs, while enhancing the quality of care furnished and reducing expenditures under Medicare and Medicaid.

Encounter data are a critical resource for CMS, states and the Medicare-Medicaid plans (MMPs) in monitoring, implementing, and evaluating these models. Medicare Medicaid Plans (MMPs) in each of the participating States will be responsible for the delivery of traditional Medicare and Medicaid covered services, as well any demonstration-specific items and services, for both enrollees living in the community and in institutions. To that end, MMPs are required to submit encounter data on all services/items delivered, regardless if the claim was paid or denied.

CMS' ultimate goal is to establish a process for MMPs to report accurate encounter data in a way that supports their ability to develop innovative care and payment delivery models without having to default to the traditional, siloed way that governs the Medicare and Medicaid programs today. In the long term, CMS is working to develop a process in which MMPs can submit a single, integrated set of encounter data without having to identify a given encounter as being designated as Medicare or Medicaid prior to subsequent processing. However, building a new process takes time; as a result, CMS is proposing a workaround for the initial year that will allow CMS and the States to access the data they need while preserving the ability of MMPs to implement innovative care models and/or payment reform.

Initial Expectations

In the first year, we envision that the MMP will distinguish Medicare and Medicaid encounters, and submit them on two separate files to CMS, at least monthly or more frequently, if desired. CMS will in turn share the complete set of encounter data with the States in a timely manner. The MMP will be provided a companion guide with two separate requirement sections: one

designated as Medicare, and the other as Medicaid. The MMP companion guide will further specify the requirements to be used when preparing, submitting, receiving and processing the electronic health care administrative data. The guide for each State will reflect State specific requirements in the Medicaid section of that State's MMP companion guide. The guides will be written by CMS in collaboration with, and direct input from, the individual states. The MMP companion guide will only provide general guidance to MMPs on how to treat "overlapping" services (e.g., DME, home health, etc.) that are traditionally covered by both the Medicare and Medicaid programs as well as any new, demonstration-specific benefits in a given State. Although this guidance is still being developed and may vary by State, MMPs will have flexibility in establishing a reasonable methodology by which to attribute claims to a particular payor subject to review and approval by CMS and the states.

This process should in no way constrain MMPs from establishing new payment models with providers (e.g., sub-capitated arrangements, PMPM medical payments, etc.). Further, MMPs will have discretion to choose how to allocate encounters between Medicare and Medicaid, ensuring that there are not incentives or disincentives for attributing claims to one payor over another.

The companion guides, timeframes for submission, and other details are being developed and will be shared separately.

MMPs need to collect the encounters and shall not begin submissions to CMS until such time that it has been mutually established by the MMP and CMS that 1) connectivity has been successfully established between the MMP and the CMS site and 2) the MMP companion guide has been given to the MMP for Demonstration specific coding guidance.

The MMPs will report encounters to CMS for all medical, long term supports and services (LTSS) and all other services, including behavioral health when applicable, using HIPAA compliant medical and administrative coding standards. The following are our expectations of initial MMP functions/capabilities:

- The MMP's claims systems would have the capacity to process the claims and to produce a segregated set of encounters: one file containing services covered under Medicare and one file for services covered under Medicaid.
- The MMP's would submit the encounter files to the CMS Front End System (FES) translator, which will be developed for accepting and processing the MMP Medicare and Medicaid files separately.
- The MMP would be able to report encounters in the ASC X12 5010x 837I, P and D formats.
- The MMP would report NCPDP formats for Medicaid Rx encounters.
- The MMP would be able to receive and process appropriate acknowledgments (e.g. TA1, 999, 277).
- The MMP shall be assigned and use a unique submitter ID to CMS' systems.
- The MMP would have the ability to accept and process rejection transactions from the States and re-submit appropriately as adjustments/voids/corrections.

Prescription Drugs

MMPs shall use the existing process for submitting prescription drug event data (PDE) for prescription drugs covered by Medicare Part D. Detailed instructions for the submission under Medicare for Part D Events can be found at the following link: http://www.csscoperations.com/internet/cssc3.nsf/docsCatHome/CSSC%20Operations.

Longer Term

For the long term, the Medicare-Medicaid Coordination Office is actively developing a solution that will support a more seamless collection and transmission of encounters, for both programs. This solution will remove the task of identifying and separating traditional Medicare and Medicaid services from the MMPs for purposes of submission to CMS. The additional process will meet the needs of the plans, the states and CMS by allowing MMPs to submit a unified and integrated set of encounters.

More detailed information will be made available as the system requirements have been finalized. It is anticipated that implementation would occur in the latter part of 2014.

It will continue to remain the States' responsibility to report enrollment and claims data (FFS and Encounters) to CMS thru the MSIS/ T-MSIS submissions.

Questions

Questions about this guidance may be directed to the MMCO resource box at: MMCOcapsmodel@cms.hhs.gov.