

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-20 One-Time Notification</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 2119</b>	<b>Date: August 10, 2018</b>
	<b>Change Request 10483</b>

**SUBJECT: Process Improvement for Recovery Audit Contractor (RAC) Mass Adjustment Input File – Underpayment Adjustment Enhancement**

**I. SUMMARY OF CHANGES:** Historically, the process for Recovery Audit Contractors (RACs) and Medicare Administrative Contractors (MACs) to transmit and adjust identified underpayments within the VMS system has not been automated. When the RAC identifies underpayments, the MAC must manually adjust the claims resulting in a greater risk to the beneficiary and supplier as claim information is transmitted outside of the mass adjustment process. Currently, the RAC mass adjustment process does not support automated adjustments for automated findings; the logic does not allow a non-denial action code to be supplied on the mass adjustment input file. If a non-denial action code, or no action code, is supplied, the claim adjustment will fail and will report on the AA2103 – RAC VMS Error Report. This CR will allow for the use of a Special Action Indicator ("U") which will allow for accurate processing and adjustment.

**EFFECTIVE DATE: January 7, 2019 - The effective date of this CR is the process date.**

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

**IMPLEMENTATION DATE: January 7, 2019**

*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.

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
N/A	N/A

**III. FUNDING:**

**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**

# Attachment - One-Time Notification

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**EFFECTIVE DATE: January 7, 2019 - The effective date of this CR is the process date.**

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**IMPLEMENTATION DATE: January 7, 2019**

## I. GENERAL INFORMATION

**A. Background:** Historically, the process for Recovery Audit Contractors (RACs) and Medicare Administrative Contractors (MACs) to transmit and adjust identified underpayments within the VMS system has not been automated. When the RAC identifies an underpayment, the MAC must manually adjust the claim resulting in a greater risk to the beneficiary and supplier as claim information is transmitted outside of the mass adjustment process. Currently, the RAC mass adjustment process does not support automated adjustments for automated findings; the logic does not allow a non-denial action code to be supplied on the mass adjustment input file. If a non-denial action code, or no action code, is supplied, the claim adjustment will fail and will report on the AA2103 – RAC VMS Error Report. However, this change request (CR) will allow for use of a special action indicator ("U"), in field 7, which will report as appropriate.

**B. Policy:** The nationwide Recovery Audit Contract (RAC) program was mandated under Division B, Title III, Section 302 of the Tax Relief and Healthcare Act of 2006.

## II. BUSINESS REQUIREMENTS TABLE

*"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.*

Number	Requirement	Responsibility									
		A/B MAC		D M E	Shared- System Maintainers				Other		
		A	B		H H H	M A C	F I S S	M C S		V M S	C W F
10483.1	The contractor shall update the RAC VMS Input File to include a special action indicator (in field 7), value of "U" to be used for reporting RAC underpayments.								X		RACs
10483.2	The contractor shall update the logic to allow for the inclusion of no action code or a non-denial action code to be supplied for claims when the special action indicator (in field 7) value of "U" is submitted.  <b>NOTE:</b> There will be a RAC reason code on the underpayment adjustment record on the RAC file.								X		

Number	Requirement	Responsibility									
		A/B MAC		H H H	D M E M A C	Shared- System Maintainers				Other	
		A	B			F I S S	M C S	V M S	C W F		
10483.3	The contractor shall add the appropriate modifiers which will result in the pricing of the adjusted claim to price differently than the original claim, when the special action indicator is 'U'.  <b>NOTE:</b> The modifiers added by the RAC increases the Medicare Allowed amount from the DMEPOS fee schedule so that it is now greater than the amount submitted on the original claim.										RACs
10483.4	The contractor shall use the Special Action Indicator of "S" to suspend the claim for manual DME MAC adjustment, in the case that all four modifier fields are full.				X						RACs
10483.5	The contractor shall test the revised RAC VMS Input File during the ALPHA testing timeframe.							X			RACs
10483.6	The contractor shall test the revised RAC VMS Input File during the BETA testing timeframe.										RACs, STC
10483.7	The contractor shall use UAT testing to ensure they can each receive the RAC file for testing.				X						RACs

**III. PROVIDER EDUCATION TABLE**

Number	Requirement	Responsibility									
		A/B MAC		H H H	D M E M A C					Other	
		A	B			F I S S	M C S	V M S	C W F		
	None										

**IV. SUPPORTING INFORMATION**

**Section A: Recommendations and supporting information associated with listed requirements: N/A**

*"Should" denotes a recommendation.*

<b>X-Ref Requirement Number</b>	<b>Recommendations or other supporting information:</b>
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**Section B: All other recommendations and supporting information:** N/A

## **V. CONTACTS**

**Pre-Implementation Contact(s):** Alex Ambridge, 410-786-8411 or alex.ambridge@cms.hhs.gov

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR).

## **VI. FUNDING**

### **Section A: 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.

**ATTACHMENTS: 1**

**VMS input files (content): Revisions for CR10483**

Field #	Field Name	Start	End	Length	Comments
1	WORKLOAD-NBR	1	5	5	DME MAC ID
2	HICN	6	17	12	
3	CCN	18	31	14	
4	CLAIM-PAI-DATE	32	39	8	YYYYMMDD
5	ADJUST-REASON-CD	40	41	2	RAC adjustment reason 01-08
6	CLAIM-LINE-COUNT	42	43		Number of lines being adjusted
7	RC-SPECIAL-ACTION-IND	44	44		C-Cancel S-Suspend for immediate action U-Underpaid
8	Filler	45	64		
9	Claim data	65	201	137	Occurs up to 13
10	CLAIM-LINE-NBR	65	66	2	
11	ORIG-BEG-DATE	67	74	8	YYYYMMDD
12	ORIG-END-DATE	75	82	8	YYYYMMDD
13	ORIG-SUPPLIER-NPI	83	92	10	
14	ORIG-SUPPLIER-NSC	93	102	10	
15	ORIG-HCPCS	103	107	5	
16	ORIG-HCPCS-MF1	108	109	2	
17	ORIG-HCPCS-MF2	110	111	2	
18	ORIG-HCPCS-MF3	112	113	2	
19	ORIG-HCPCS-MF4	114	115	2	
20	VMS-ACTION-CODE	116	117	2	For SPECIAL ACTION U for underpaid only, this may be spaces
21	ADJT-BEG-DATE	118	125	8	YYYYMMDD
22	ADJT-END-DATE	126	133	8	YYYYMMDD
23	ADJT-SUPPLIER-NPI	134	143	10	
24	ADJT-SUPPLIER-NSC	144	153	10	
25	ADJT-POS	154	155	2	
26	ADJT-ICD-IND	156	156	1	
27	ADJT-DIAGNOSIS	157	163	7	
28	ADJT-HCPCS	164	168	5	
29	ADJT-HCPCS-MF1	169	170	2	
30	ADJT-HCPCS-MF2	171	172	2	
31	ADJT-HCPCS-MF3	173	174	2	
32	ADJT-HCPCS-MF4	175	176	2	
33	ADJT-NBR-SERVICES	177	181	5	Format 9999v9 RAC will submit 5 digits, 1 implied decimal
34	FILLER	182	188	10	
35	FILLER	189	201	10	
37	FILLER	202	338	137	Line #2
38	FILLER	339	475	137	Line #3
39	FILLER	476	612	137	Line #4
40	FILLER	613	749	137	Line #5
41	FILLER	750	886	137	Line #6
42	FILLER	887	1023	137	Line #7
43	FILLER	1024	1160	137	Line #8
44	FILLER	1161	1297	137	Line #9
45	FILLER	1298	1434	137	Line #10
46	FILLER	1435	1571	137	Line #11

Attachment 1

47	FILLER	1572	1708	137	Line #12
48	FILLER	1709	1845	137	Line #13