CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-08 Medicare Program Integrity	Centers for Medicare & Medicaid Services (CMS)
Transmittal 178	Date: DECEMBER 8, 2006
	Change Request 5402

NOTE: This change request rescinds and replaces Transmittal 155, CR 4209, dated August 4, 2006.

SUBJECT: Medically Unlikely Edits (MUEs)

I. SUMMARY OF CHANGES: Carriers will auto-deny units of service in excess of the MUE criteria. Providers and beneficiaries may appeal auto-denied units of service at the carriers. FI's will RTP the entire claim if the units of service for any HCPCS/CPT code exceed the MUE criteria for that code. The MUEs only apply to the services specifically listed in the table of MUEs; thus, all services will not have MUE associated with them.

NEW/REVISED MATERIAL
EFFECTIVE DATE: JANUARY 1, 2007
IMPLEMENTATION DATE: JANUARY 2, 2007

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/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	

III. FUNDING:

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.

IV. ATTACHMENTS:

One-Time Notification

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

Attachment – One-Time Notification

Pub. 100-08	Transmittal: 178	Date: December 8, 2006	Change Request 5402

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SUBJECT: Medically Unlikely Edits (MUEs)

Effective Date: January 1, 2007

Implementation Date: January 2, 2007

I. GENERAL INFORMATION

A. Background: To lower the Medicare fee-for-service paid claims error rate, CMS established units of service edits referred to below as MUEs. The National Correct Coding Initiative (NCCI) contractor develops and maintains MUEs. An MUE is defined as an edit that tests claim lines for the same beneficiary, Health Care Common Procedure Code System (HCPCS) code, date of service, and billing provider against a criteria number of units of service. The MUEs auto-deny claim line items containing units of service billed in excess of the MUE criteria or Return to Provider (RTP) claims that contain lines that have units of service that exceed an MUE criteria. The MUEs do not require that Medicare contractors perform manual review or suspend claims. The MUEs only apply to the services specifically listed in the table of MUEs; thus, all services will not have MUE associated with them (e.g., CMS currently does not plan to develop MUEs for anesthesia services).

This CR requires that Medicare contractors deny the claim line or RTP claims with units of service that exceed MUE criteria and pay the other services on the claim as part of initial claims processing activities.

B. Policy: The NCCI contractor produces a table of MUEs. The table contains ASCII text and consists of five columns. (Refer to Appendix 1 – Tabular Presentation of the Format for the MUE Transmission. There are two format charts, one for the carriers and one for the fiscal intermediaries.) The first column contains HCPCS codes (5 positions). The second column of the first format chart (Appendix 1) contains the maximum units of service A/B MACs and Medicare carriers shall allow per day for the HCPCS code in column one (2 positions with no decimal places). The second column of the second format chart (Appendix 1) contains the maximum units of service fiscal intermediaries (FIs) shall allow per day for the HCPCS code in column one (2 positions with no decimal places). The third column is the Corresponding Language Example Identification (CLEID) Number (12 positions including a decimal point). The CLEID information is for reference only. The fourth column states the beginning effective date for the edit (7 positions in YYYYDDD format), and the fifth column states the ending effective date of the edit (7 positions in YYYYDDD format). For example, April 1, 2007, is recorded as

2007091 meaning the 91st day of 2007. The last column will remain blank until an ending effective date is determined. CMS will distribute the MUEs as a separate file when the quarterly NCCI edits are distributed. See Attachment 1 for the layout in table format.

Specifically, the date of service, defined as the effective date of each MUE contained in the file CMS provides, will determine which claims MUEs will affect.

Further, CMS is setting MUEs to auto-deny the claim line item with units of service in excess of the criteria in column 2 of the MUE table for claims process using the MCS and the VMS standard systems. Claims processed using the FISS standard system will be RTP when claim line item units of service are in excess of the MUEs criteria. Chapter 3, section 5.1, of the Program Integrity Manual, indicates that automated review is acceptable for medically unlikely cases and apparent typographical errors.

The CMS will set the units of service for each MUE high enough to allow for medically reasonable daily frequencies of services provided in most settings. The MUEs that will be implemented by this OTN are based on anatomic considerations. CMS believes that most MUEs based on anatomic considerations are not controversial, but CMS will allow and require an appeals process for those claim line items that are denied as a result of an MUE edit. An appeals process will not be allowed or required for claims that are RTP as a result of an MUE edit. This set of MUEs that is based on anatomical considerations addresses approximately 2,800 codes.

Note that, quarterly, the NCCI contractor will provide a revised table of MUEs via the Network Data Mover.

Furthermore, if Medicare contractors identify questions or concerns regarding the MUEs, they shall bring those concerns to the attention of the NCCI contractor. The NCCI contractor may refer those concerns to CMS, and CMS may act to change the MUE limits after reviewing the issues and/or upon reviewing data and information concerning MUE claim appeals.

Finally, excess charges due to units of service greater than the MUE may not be billed to the beneficiary (this is a "provider liability"), and this provision can neither be waived nor subject to an Advanced Beneficiary Notice.

II. BUSINESS REQUIREMENTS

Number	**Requirement**	**Responsibility (place an "X" in each applicable column)**							
		A / B	D M E	F I	C A R	D M E	R H H	Shared-System Maintainers	OTHER

								FISS	MCS	VMS	CWF	
5402.1	The MCS and VMS shared systems maintainers shall develop a line level edit to deny the entire line on the claims when the units of service are in excess of MUE criteria.								X	X		
5402.1.1	The FISS shared system maintainers shall develop a line level edit to RTP claims that contain units of service in excess of MUE criteria.							X				
5402.1.2	The FISS shall not deny claims as a result of an MUE edit.							X				
5402.1.3	The FISS claims that are RTP as a result of the MUE edits, are not appealable.	X		X			X					
5402.2	The shared system module shall calculate units of service for a service provided over a period of time greater than one day as a per day number rounded to the nearest whole number.								X	X		
5402.2.1	For each day in the period, the MCS and VMS shared system shall deny the entire claims line when the units of service are greater than the units of service stated in the file.								X	X		
5402.3	The shared system module shall apply MUEs after all other edits and audits have completed and before the claim is sent to CWF.							X	X	X		
5402.4	Data centers shall install the MUE shared system module developed in requirement 1 in time for the implementation date of this CR.	X	X	X	X	X	X					
5402.5	Contractors shall insure that the MUE shared system module developed in requirement 1 begins to operate in time so that the entire claims line is denied when the units of service are in excess of the MUE criteria.	X	X	X	X	X	X					
5402.6	Contractors need not search their files either to retract payment for claims paid before the implementation date of this OTN plus 90 days or retroactively to pay claims denied before the	X	X	X	X	X	X					

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B MAC	DME MAC	FI	CARRIER	DME RC	RHHI	Shared-System Maintainers				OTHER
								FISS	MCS	VMS	CWF	
	implementation date of this OTN plus 90 days. However, contractors shall adjust claims brought to their attention.											
5402.7	For claim denials based on MUEs for anatomical considerations, physicians, suppliers, and beneficiaries shall be afforded appeal rights under the Medicare claims appeal process (See IOM Pub 100-4, chapter 29).	X	X		X	X						
5402.8	Medicare contractors shall refer any appeal of an MUE edit or MUE criteria to: National Correct Coding Initiative Correct Coding Solutions, LLC P.O. Box 907 Carmel, IN 46082-0907	X	X	X	X	X	X					
5402.8.1	If the NCCI contractor agrees with the Medicare contractor, the NCCI contractor shall recommend that CMS change the MUE.											NCCI contractor
5402.8.1.1	The CMS may change the MUE limits for services after reviewing issues brought to the attention of the NCCI contractor and/or upon reviewing data and information concerning MUE claim appeals.											CMS
5402.9	Beginning on the implementation date for this OTN, Medicare contractors shall apply MUEs to claims and adjustments with dates of service on or after the beginning effective date of the MUE and on or before the ending effective date of the MUE.	X	X	X	X	X	X	X	X	X		
5402.9.1	Shared system maintainers shall insure that MUEs are applied based on							X	X	X		

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A/B MAC	DME MAC	FI	CARRIER	DMERC	RHHI	Shared-System Maintainers				OTHER
								FISS	MCS	VMS	CWF	
	date of service.											
5402.10	A/B MACs, carriers, DME MACs and DMERCs shall begin denying the entire claim line when the units of service on that line are in excess of MUE criteria and assign MSN message # 15.6 and ansi reason code 57**,** Payment denied/reduced because the payer deems the information submitted, does not support this level of service, this many services, this length of service, this dosage, or this day's supply and remark codes # N362 and MA01 to claims that fail the MUEs.	X	X		X	X						
5402.10.1	Contractors processing claims using the FISS system shall RTP claims that contain units in excess of MUE criteria.	X		X			X					
5402.11	Medicare contractors shall classify MUEs as PIMR activity code 21001I in PIMR and activity code 11205 in CAFM.	X	X		X	X						
5402.12	The filenames to access through the Network Data Mover (NDM) for the carriers and the fiscal intermediaries (FI) are: Test File: MU00.@BF12372.MUE.CARR.TEST02.V10 MU00.@BF12372.MUE.FI.TEST02.V10 Final File: MU00.@BF12372.MUE.CARR.FINA											

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A/B MAC	DME MAC	FI	CARRIER	DME RC	RHHI	Shared-System Maintainers				OTHER
								FISS	MCS	VMS	CWF	
	L01.V10 MU00.@BF12372.MUE.FI.FINAL01.V10											

III. PROVIDER EDUCATION

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A/B MAC	DME MAC	FI	CARRIER	DME RC	RHHI	Shared-System Maintainers				OTHER
								FISS	MCS	VMS	CWF	
5402.13	A provider education article related to this instruction will be available at www.cms.hhs.gov/MLNMattersArticles shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X	X	X	X	X	X					

IV. SUPPORTING INFORMATION

A. For any recommendations and supporting information associated with listed requirements, use the box below:

X-Ref Requirement Number	Recommendations or other supporting information:
	None

B. For all other recommendations and supporting information, use the space below:

V. CONTACTS

Pre-Implementation Contact(s): John Stewart (410) 786-1189
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Val Allen (410) 786-7443
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VI. FUNDING

A. For TITLE XVIII Contractors

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.

B. For Medicare Administrative Contractors (MAC)

The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). The contractor is not obligated to incur costs in excess of the amounts specified 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.

Attachment

APPENDIX 1
TABULAR PRESENTATION OF THE FORMAT FOR THE MUE TRANSMISSION

HCPCS CODE	MAXIMUM CARRIER UNITS	CLEID #	BEGINNING EFFECTIVE DATE	ENDING EFFECTIVE DATE
AAAAA	XX	AA.AAAAAAAAAA	YYYYDDD	YYYYDDD
AAAAA	XX	AA.AAAAAAAAAA	YYYYDDD	YYYYDDD
AAAAA	XX	AA.AAAAAAAAAA	YYYYDDD	YYYYDDD

DEFINITIONS:
A = ALPHANUMERIC CHARACTER
X = NUMERIC CHARACTER
YYYYXXX = JULIAN DATE

HCPCS CODE	MAXIMUM FI UNITS	CLEID #	BEGINNING EFFECTIVE DATE	ENDING EFFECTIVE DATE
AAAAA	XX	AA.AAAAAAAAAA	YYYYDDD	YYYYDDD
AAAAA	XX	AA.AAAAAAAAAA	YYYYDDD	YYYYDDD
AAAAA	XX	AA.AAAAAAAAAA	YYYYDDD	YYYYDDD

DEFINITIONS:
A = ALPHANUMERIC CHARACTER
X = NUMERIC CHARACTER
YYYYXXX = JULIAN DATE