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| CMS Manual System | Department of Health & Human Services (DHHS) |
| Pub 100-08 Medicare Program Integrity | Centers for Medicare & Medicaid Services (CMS) |
| Transmittal 215 | Date: JULY 6, 2007 |
| | Change Request 5664 |

SUBJECT: Implementation of Durable Medical Equipment Medicare Administrative Contractor (DME MAC) Access to VIPS Medicare Shared System (VMS) Medical Review (MR) Functions at DME MACs

I. SUMMARY OF CHANGES: The VMS implemented the capability for a PSC to have full access to DME MAC claims at all DME MAC processing centers on October 1, 2004. However, no DME regional contractor or DME MAC except Health Now activated the capability. All DME PSCs activated the full PSC access capability and certain other systems features identified since the initial implementation of the full PSC access capability on April 1, 2006.

On November 1, 2007, DME MACs will assume all responsibility for claims MR processing functions that PSCs now perform, and PSCs will retain responsibility for the Benefit Integrity (BI) MR functions the PSCs now perform. In order to implement this transfer of responsibilities, the VMS maintainer must develop certain changes in system access rights and responsibilities for the VMS system users. This CR specifies those changes.

NEW / REVISED MATERIAL

EFFECTIVE DATE: OCTOBER 1, 2007

IMPLEMENTATION DATE: OCTOBER 1, 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

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SUBJECT: Implementation of Durable Medical Equipment Medicare Administrative Contractor (DME MAC) Access to VIPS Medicare Shared System (VMS) Medical Review (MR) Functions at DME MACs

EFFECTIVE DATE: October 1, 2007

IMPLEMENTATION DATE: October 1, 2007

I. GENERAL INFORMATION

A. Background: The Medicare Integrity Program provisions of the Health Insurance Portability and Accountability Act of 1996 allow CMS to contract with entities other than carriers and fiscal intermediaries (FI) to perform specific program safeguard functions. Under this authority, CMS awarded contracts to 12 program safeguard contractors (PSCs). The umbrella PSC SOW, under which CMS issues all PSC task orders, contains various workload reporting and systems requirements to which PSCs must adhere. These requirements involve the carrier and FI shared claims processing systems as well as systems such as the Common Working File, the Contractor Reporting of Operational and Workload Data System, and the Contractor Administrative Budget and Financial Management System.

NOTE: In accordance with the umbrella PSC SOW, current contractors are identified in this CR as affiliated contractors (ACs). Specifically, the SOW defines an AC as a Medicare administrative contractor (MAC), carrier, FI, or other contractor such as a DME MAC, which shares some or all of the PSC's jurisdiction in which the affiliated contractor performs non-PSC Medicare functions such as claims processing or education.

The CMS has phased in the modifications required to allow for full PSC implementation within VMS. The most critical changes identified were related to "security" and "segregation of ownership."

With respect to the DME MAC – PSC interaction, the VMS was developed and documented with the following overall assumptions:

- The PSC will access the shared system via the AC's production environment (the PSC may be co-located with the AC or in a remote facility)
- The PSC will work with a single AC for at least the initial implementation.
- The PSC will be defined as a separate department within the system.
- The PSC will test in the AC test environments during normal release testing windows and will follow established release testing guidelines.
- Any electronic transactions that the PSC implements will follow ANSI standards (as required to support HIPAA legislation).
- The current VMS action code processing will sufficiently meet the PSC denial reason requirements.
- An internal PSC process will cover the internal quality assurance requirements.

- DME MAC appeals process for claims determination is the same as the Part B appeals process.

The VMS implemented the capability for a PSC to have full access to DME MAC claims at all DME MAC processing centers on October 1, 2004. However, no DME Regional Contractor or DME MAC except Health Now activated the capability. All DME PSCs activated the full PSC access capability and certain other systems features identified since the initial implementation of the full PSC access capability on April 1, 2006.

On November 1, 2007, DME MACs will assume all responsibility for claims MR processing functions that PSCs now perform, and PSCs shall retain responsibility for the Benefit Integrity (BI) MR functions the PSCs now perform. The difference between claims MR processing and BI MR is that the objective of claims MR processing is to reduce the fee for service claims payment error rate, and the purpose of BI MR is to detect and prevent fraud, waste, and abuse in the Medicare program. In order to implement this transfer of responsibilities, the VMS maintainer shall develop certain changes in system access rights and responsibilities for the VMS system users. This CR specifies those changes.

B. Policy: The CMS has established a specific series of contractor numbers for use by PSCs. Although CMS initially added these numbers for CMS internal reports only, CMS addressed PSC shared systems requirements in a separate CR.

The CMS implemented the “security” and “segregation of ownership” changes within the VMS in order to accommodate full PSC implementation. Section 1 of the “umbrella” PSC Statement of Work defines “a full PSC” as “...one that performs all of the fundamental activities contained in Section 3, General Requirements, under a Task Order.”

The CMS addressed those requirements as they relate to the VMS and allowed PSCs to use the numbers to perform MIP activities within the VMS.

II. BUSINESS REQUIREMENTS 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 | D M R C | R H H I | Shared-System Maintainers | | | | OTHER |
| | | | | | | | F I S S | M C S | V M S | C W F | | |
| 5664.1 | The VMS maintainer shall assist all DME MACs and DME PSCs in implementing the capability for DME MACs to access the VMS system at each DME MAC data center so that DME MACs may have full access to claims MR processing at the data center or an associated site by the | | X | | | | | | | X | | DME PSCs |

| Number | Requirement | Responsibility (place an "X" in each applicable column) | | | | | | | | | | | | |
|--------|---|---|--------------------------------|------------------------|---------------------------------|-----------------------|------------------|---------------------------|-------------|-------------|--|-------|--|--------------------------------------|
| | | A / B M A C | D M E M A C | F I | C A R R I E R | D M R R C | R E H I | Shared-System Maintainers | | | | OTHER | | |
| | | | | | | | F I S S | M C S | V M S | C W F | | | | |
| | implementation date of this CR. NOTE: A DME MAC data center can be either an enterprise data center (EDC) or another data center used by DME MACs to process claims. | | | | | | | | | | | | | |
| 5664.2 | The VMS maintainer shall modify various existing VMS sub-systems in order to relax the MR access restrictions for the ACs implemented with the full PSC implementation. | | | | | | | | | | | X | | |
| 5664.3 | By the implementation date of this CR, contractor data centers shall implement, operate, and maintain the shared system changes specified in requirements 5664.1 and 5664.2 and provided by shared system maintainers. | | X | | | | | | | | | | | DME PSCs and Contractor Data Centers |
| 5664.4 | By the implementation date of this CR., contractors shall insure that their data centers have correctly implemented and are operating the changes developed by the shared system to meet requirements 5664.1 and 5664.2 of this CR. | | X | | | | | | | | | | | DME PSCs |

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 | C A R R I E R | D M R R C | R E H I | Shared-System Maintainers | | | | OTHER | | |
| | | | | | | | F I S S | M C S | V M S | C W F | | | | |
| | None. | | | | | | | | | | | | | |

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 -- john.stewart@cms.hhs.gov. and Herrick Lord (215-861-4755) -- herrick.lord@cms.hhs.gov

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VI. FUNDING

A. For Fiscal Intermediaries, Carriers, and the Durable Medical Equipment Regional Carrier (DMERC):

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.