

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 2202</b>	<b>Date: April 27, 2011</b>
	<b>Change Request 7361</b>

Transmittal 2201, dated April 25, 2011, is rescinded and replaced with Transmittal 2202 dated April 27, 2011, the Table of Contents was revised to only show newly added section 250.14. In addition, the effective and implementation dates for the manual instruction which were inadvertently left off, were added. The Transmittal number, date issued and all other information remains the same.

**SUBJECT: Section 1833 (a)(1)(F) of the Social Security Act - Payment of Licensed Clinical Social Worker (LCSW) in a Method II Critical Access Hospital (CAH)**

**I. SUMMARY OF CHANGES:** Physicians and non-physician practitioners billing on type of bill (TOB) 85X for professional services rendered in a Method II CAH have the option of reassigning their billing rights to the CAH. When the billing rights are reassigned to the Method II CAH, payment is made to the CAH for professional services (revenue codes (RC) 96X, 97X or 98X). Medicare makes payment for LCSW to a Method II CAH based on the lesser of the actual charge or 75 percent of the Medicare Physician Fee Schedule (MPFS).

**EFFECTIVE DATE: October 1, 2011**

**IMPLEMENTATION DATE: October 3, 2011**

*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	4/250.14/Payment of Licensed Clinical Social Workers (LCSWs) in a Method II CAH

**III. FUNDING:**

**For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:**

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

**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:**  
**Business Requirements**  
**Manual Instruction**

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

# Attachment - Business Requirements

Pub. 100-04	Transmittal: 2202	Date: April 27, 2011	Change Request: 7361
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**SUBJECT** Section 1833 (a)(1)(F) of the Social Security Act - Payment of Licensed Clinical Social Worker (LCSW) Services in a Method II Critical Access Hospital (CAH)

**Effective Date:** October 1, 2011

**Implementation Date:** October 3, 2011

**1. GENERAL INFORMATION** Physicians and non-physician practitioners billing on type of bill (TOB) 85X for professional services rendered in a Method II CAH have the option of reassigning their billing rights to the CAH. When the billing rights are reassigned to the Method II CAH, payment is made to the CAH for professional services (revenue codes (RC) 96X, 97X or 98X).

**A. Background:** Medicare makes payment for LCSW services, to a Method II CAH, based on the lesser of the actual charge or 75 percent of the Medicare Physician Fee Schedule (MPFS).

This Change Request implements the payment calculations for LCSW.

**B. Policy:** Section 1834(g)(2)(B) of the Social Security Act states that professional services included with outpatient CAH services shall be paid 115 percent of such amounts as would otherwise be paid under this part if such services were not included in the outpatient CAH services.

Section 1833(a)(1)(F) of the Act states with the respect to clinical social worker services the amounts paid shall be 80 percent of the lesser of (i) the actual charge for the services or (ii) 75 percent of the amount determined for payment of a psychologist.

**II. BUSINESS REQUIREMENTS TABLE**

*Use "Shall" to denote a mandatory requirement*

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	R H I	Shared-System Maintainers				OTHER
						F I S S	M C S	V M S	C W F		
7361.1	Effective with date of service October 1, 2011 or after, contractors shall pay for LCSW services on TOB 85X with RC 96X, 97X or 98X and modifier "AJ" (clinical social worker) based on the lesser of the actual charges or the reduced fee schedule amount as follows:  ((Facility specific Medicare MPFS amount * LCSW reduction (75%) minus (deductible and coinsurance)) times 115%						X				

**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	R H H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
7361.2	<p>A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/MLNMattersArticles/">http://www.cms.hhs.gov/MLNMattersArticles/</a> shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv.</p> <p>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 one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. 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.</p>	X		X							

**IV. SUPPORTING INFORMATION**

**Section A: For any recommendations and supporting information associated with listed requirements, use the box below:**  
 Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
N/A	

**Section B: For all other recommendations and supporting information, use this space: N/A**

**V. CONTACTS**

**Pre-Implementation Contact(s):** Cindy Pitts at [Cindy.Pitts@cms.hhs.gov](mailto:Cindy.Pitts@cms.hhs.gov) or Susan Guerin at [Susan.Guerin@cms.hhs.gov](mailto:Susan.Guerin@cms.hhs.gov)

**Post-Implementation Contact(s):** Contact your Contracting Officer’s Technical Representative (COTR) or Contractor Manager, as applicable.

**VI. FUNDING**

**Section A: For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs):**

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

**Section B: 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.

# **Medicare Claims Processing Manual**

## **Chapter 4 - Part B Hospital (Including Inpatient Hospital Part B and OPPS)**

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**(Rev. 2202, Issue: 04-27-11)**

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*250.14 – Payment of Licensed Clinical Social Workers (LCSWs) in a Method II  
CAH*

*250.14 – Payment of Licensed Clinical Social Workers (LCSWs) in a Method II CAH*

*(Rev. 2202, Issued: 04-27-11, Effective: 10-01-11, Implementation: 10-03-11)*

*The services of a LCSW that has reassigned their billing rights to a Method II CAH are payable by Medicare when the procedure is billed on type of bill 85X with revenue code (RC) 96X, 97X, and/or 98X and the AJ modifier (clinical social worker).*

*Under Section 1834(g)(2)(B) of the Act, outpatient professional services performed in a Method II CAH are paid 115 percent of such amounts as would otherwise be paid under the Act if the services were not included in the outpatient CAH services.*

*Section 1833 (a)(1)(F) of the Act stipulates that payment for services performed by a LCSW shall be 80 percent of the lesser of the actual charges for the services or 75 percent of the amount determined for the payment of a psychologist.*

*Payment is calculated as follows:*

*((Facility specific MPFS amount times the LCSW reduction (75%)) minus (deductible and coinsurance)) times 115%.*