CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-20 One-Time Notification	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 342	**Date: May 16, 2008**
	Change Request 6035

SUBJECT: Medicare Fraud Edit Module Phase 2

I. SUMMARY OF CHANGES: The concept for the Fraud Edit Module is based on the Infusion Therapy Fraud Project in South Florida. First Coast Service Options (FCSO - the Medicare Carrier for Florida) developed a series of edits to deny claims with potentially improper payments associated with Infusion Therapy. The edits have helped to reduce improper payments in Florida, New York, and New Jersey.

Programming these edits and associated reviews requires a considerable operating expense for contractors. As a fraud moves from state to state, the need for a low-cost way to share and implement edits on the fly became clear.

One option to reduce the cost of developing these edits is to develop a plug and play shared system solution.

CMS has issued CR 5725 that will implement the fraud edit module for MCS in July 2008. This CR will make the fraud edit capabilities, similar to those CR 5725 made available in MCS, available to the VIPS Medicare System (VMS) users.

NEW / REVISED MATERIAL
EFFECTIVE DATE: *October 1, 2008
IMPLEMENTATION DATE: October 6, 2008

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.*

R/N/D	Chapter / Section / Subsection / Title
N/A	

III. FUNDING:
SECTION A: For Fiscal Intermediaries and Carriers:
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.

IV. ATTACHMENTS:

One-Time Notification

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

Attachment – One-Time Notification

Pub. 100-20	Transmittal: 342	Date: May 16, 2008	Change Request: 6035

SUBJECT: Medicare Fraud Edit Module Phase 2

EFFECTIVE DATE: October 1, 2008

IMPLEMENTATION DATE: October 6, 2008

I. GENERAL INFORMATION

A. Background:

The concept for the Fraud Edit Module is based on the Infusion Therapy Fraud Project in South Florida. First Coast Service Options (FCSO - the Medicare Carrier for Florida) developed a series of edits to deny claims with potentially improper payments associated with Infusion Therapy. The edits have helped to reduce improper payments in Florida but with a considerable cost to the FCSO operating budget. Later, data suggested that Infusion Therapy fraud was beginning to occur in Michigan and New Jersey/New York (NJ/NY). The carriers for those states, Wisconsin Physician Services, and National Government Services, developed similar edits to address this same issue. These edits saved close to $6.8 million in improper payments in Michigan and $3.1 million (combined) in NJ and NY.

Programming these edits and associated reviews requires a considerable operating expense for contractors. As a fraud moves from state to state, the need for a low-cost way to share and implement edits on the fly became clear. One option to reduce the cost of developing these edits is to develop a plug and play shared system solution.

The Centers for Medicare & Medicaid (CMS) convened a Fraud Edit Module workgroup consisting of representatives from OFM Program Integrity Group, Centers for Medicare Management, Office of Information Systems and the New York & Los Angeles Satellite Offices to develop requirements for a proactive Fraud Edit Module that would allow Medicare Carrier System (MCS) users to implement on–the-fly edits when potentially fraudulent claims are found locally or nationally. The vision of CMS is that the fraud edit module will provide Medicare contractors with an improved fraud editing capability.

CR 5725 issued March 7, 2008, will implement the fraud edit module for MCS in July 2008. This instruction (CR 6035) will make the fraud edit capabilities, similar to those CR 5725 made available in MCS, available to the VIPS Medicare System (VMS) users.

B. Policy:

The Program Integrity Manual (PIM), Pub. 100-08, reflects the principles, values, and priorities for the Medicare Integrity Program (MIP). The primary principle of Program Integrity (PI) is to pay claims correctly. In order to meet that goal, Program Safeguard Contactors (PSCs), Affiliated Contractors (ACs) and Medicare Administrative Contractors (MACs) must ensure that they pay the right amount for covered and correctly coded services that legitimate providers render to eligible beneficiaries. The CMS follows four parallel strategies in meeting this goal: 1) preventing fraud through detection, effective enrollment, and education of providers and beneficiaries, 2) early detection through medical review and data analysis, 3) close coordination with partners, including PSCs, ACs/MACs, and law enforcement

agencies, and 4) fair and firm enforcement policies. Use of the edits specified in this change request (CR) is required by Pub. 100-08, Chapter 4.

II. BUSINESS REQUIREMENTS TABLE

Number	Requirement	A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTH-ER
							FISS	MCS	VMS	CWF	
6035.1	The VMS shared system maintainer should develop a shared system module that shall allow specification of edits based on the following criteria: 1. Dimension – Dimension is the criteria that allow the user to select a specific group of claim lines for further editing. The dimensions are: Procedure code (both legacy and National Provider Identifier) Diagnosis code Beneficiary Provider Dates of service (date range) Dates of submission Place of service Specialty 2. Measure – Measures are the criteria that users may set to reject the claim. The measures are: Units of service Days of service Dollars submitted Duplicate services Services submitted Services allowed								X		
6035.1.1	If the shared system currently has a capability that meets some or all of the requirements of this CR, the shared system may utilize the existing capability in meeting this requirement.								X		
6035.1.2	The shared system maintainer may base the module it develops to meet requirement 6035.1 on the module developed for CR 5644 where the shared system maintainer deems the use of the module for CR 5644 practical.								X		
6035.2	The maintainers should ensure that the module developed for requirement 6035.1 shall allow a contactor to turn an edit on or off at their option.								X		
6035.2.1	If a contractor turns off an edit requested by		X								

Number	Requirement	A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTH-ER
							FISS	MCS	VMS	CWF	
	CMS or a PSC, the contractor shall follow local security procedures and corrective action plans for turning off an edit and shall immediately notify CMS or the PSC.										
6035.3	The maintainers should ensure that the module developed for requirement 6035.1 shall allow contractors to change edit parameters (dimensions and measures) to meet local requirements and conditions.								X		
6035.3.1	If a contractor changes an edit parameter of an edit requested by CMS or a PSC, the contractor shall follow local security procedures and corrective action plans for changing edit parameters and shall immediately notify CMS or the PSC.		X								
6035.4	The maintainers shall ensure that the module developed for requirement 6035.1 allows contractors the option to (a) monitor and take not action, (b) auto-deny or (c) auto-suspend claim lines that fail an edit.								X		
6035.5	The edits contractors implement for the module the shared system maintainer develops for requirement 6035.1 that are auto-deny edits should take precedence over edits funded with Medicare Integrity Program funds.								X		
6035.6	The maintainers should ensure that the module developed for requirement 6035.1 shall allow contractors to implement the edits that the module produces as Super Op edits or a comparable mechanism that the shared system maintainer chooses.								X		
6035.7	The maintainers should ensure the module developed for requirement 6035.1 shall allow edits it produces to review up to 27 months of claims data or for the length of time for which claim history is present.								X		
6035.8	The maintainers should ensure that the module developed for requirement 6035.1 shall produce edits that apply to multiple claims, i.e., the edits shall add up measures for claim lines that the dimensions select and test the sum against the measurement criteria.								X		
6035.9	The maintainers should ensure that the module developed for requirement 6035.1 shall produce edits that can compare one claim with other claims in process within the same claims processing batch as well as to claims history.								X		
6035.10	The maintainers should ensure that the module developed for requirement 6035.1 shall allow								X		

Number	Requirement	A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTH-ER
							FISS	MCS	VMS	CWF	
	the contractor to update shared system edit criteria with a file that a personal computer can generate, that can be uploaded to the processing system computer, and that contains user specified dimension and measure values.										
6035.10.1	The maintainer should propose the format for the file that the module produces that meets the requirements of requirement 6035.10.								X		
6035.11	The maintainers shall ensure that the module developed for requirement 6035.1 shall have the capability of creating a file that can be downloaded to a server that a personal computer using the server can read, and that contains the dimension and measure values for an edit that the module produces.								X		
6035.12	The maintainers should ensure that the module developed for requirement 6035.1 shall have the capability to exclude results for a specific audit from shared system consideration. For instance, if a shared system audit makes the shared system bypass edits this module creates (for example, because of a modifier included on the claim line), the capability for which this requirement calls shall allow the contractor to turn off that audit causing a bypass using the capability the shared system implements to meet this requirement.								X		
6035.13	The maintainers should ensure that the module developed for requirement 6035.1 shall allow the contractor to specify "Shared system edit" in the PIMR edit description module if the contractor chooses to implement the edit.								X		PIMR
6035.14	The maintainers should ensure that the module developed for requirement 6035.1 allows the contractor to specify "PSC/CMS required edit" in the PIMR edit description module if the PSC or CMS requires the contractor to implement the edit.								X		PIMR
6035.15	CMS shall distribute edit requirements that either CMS, a Medicare contractor, or a PSC require in a CMS change request that specifies an ASCII file with comma delimited fields that may be pulled to the contractor from the CMS data center via Network Data Mover (NDM).										CMS
6035.15.1	CMS shall provide instructions for contractors concerning what action to take for a claim line that fails an edit on the NDM file (i.e., monitor, auto-deny, or auto-suspend) when CMS provides the NDM file.										CMS

Number	Requirement	A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTH-ER
							FISS	MCS	VMS	CWF	
6035.16	CMS shall distribute updates to edit requirements distributed using the method described in requirement 6035.15 using the method described in requirement 6035.15										CMS
6035.17	Medicare contractors may share their edits by sending a CD ROM containing a file that is in the format developed for requirement 6035.10.1 to the CMS Central Office.		X								PSCs
6035.18	In the absence of more specific reason, adjustment, MSN and remarks codes more appropriate to the edit situation (e.g., "the procedure/revenue code is inconsistent with the patient's gender;" "the diagnosis is inconsistent with the procedure," "this (these) diagnosis (diagnoses) (is) are not covered, missing or are invalid"), Contractors shall use Reason Code: M79: Missing/ incomplete/invalid charge. Note: (Modified 2/28/03) Claim Adjustment Reason Code: A1: Claim/service denied. Remark code: CO: Provider Responsibility MSN: 21.6 - This item or service is not covered when performed, referred or ordered by this provider. for claim lines that the module developed for requirement 6035.1 denies.		X								
6035.19	Contractors should implement the files described in 6035.10 that either CMS or a PSC requires within 60 days of the date that the contractor receives notification via a CMS CR that the NDM file containing the edit parameters is available.		X								
6035.20	Contractor data centers and Enterprise Data Centers (EDCs) shall ensure that the module developed in requirements 6035.1 through 6035.13 is installed in time for contractors to begin operating the module by the implementation date of this CR.										Con-trac-tor Data cen-ters and

Number	Requirement	A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTH-ER
							FISS	MCS	VMS	CWF	
											EDCs
6035.21	Contractors shall ensure that the module developed in requirements 6035.1 through 6035.13 is installed in time to begin operating the module by the implementation date of this CR.		X								

III. PROVIDER EDUCATION TABLE

Number	Requirement	A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
	None										

IV. SUPPORTING INFORMATION

Section 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 this space:

V. CONTACTS

Pre-Implementation Contact(s): Lameka M. Davison, lameka.davison@cms.hhs.gov or John Stewart, john.stewart@cms.hhs.gov.

Post-Implementation Contact(s): Lameka M. Davison, lameka.davison@cms.hhs.gov or John Stewart, john.stewart@cms.hhs.gov.

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs), Carriers, and Regional Home Health Carriers (RHHIs)* use only one of the following statements:

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),*** **use the following statement:**

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.