CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-20 One-Time Notification	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 679	**Date: April 28, 2010**
	Change Request 6770

SUBJECT: Carrier and Part A and Part B Medicare Administrative Contractors (A/B MACs) Implementation of Title 42 Code of Federal Regulations (CFR) Section 424.535

I. SUMMARY OF CHANGES: Title 42 CFR §424.535 (1-10) has the requirements a Medicare contractor or the Centers for Medicare and Medicaid Services (CMS) may revoke a currently enrolled provider or supplier's Medicare billing privileges. 42 CFR §424.535 (10)(2)(h) states a physician organization, physician, non-physician practitioner or independent diagnostic testing facility (IDTF) must submit all claims for items and services furnished within 60 calendar days of the effective date of the revocation.

EFFECTIVE DATE: October 1, 2010
IMPLEMENTATION DATE: October 4, 2010

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:
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:

One-Time Notification

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

Attachment – One-Time Notification

Pub. 100-20	Transmittal: 679	Date: April 28, 2010	Change Request: 6770

SUBJECT: Carrier and Part A and Part B Medicare Administrative Contractors (A/B MACs) Implementation of Title 42 Code of Federal Regulations (CFR) Section 424.535

Effective Date: October 1, 2010

Implementation Date: October 4, 2010

I. GENERAL INFORMATION

A. Background: As stated in 42 CFR §424.535(c), after a provider, supplier, delegated official, or authorizing official that has had their billing privileges revoked, they are barred from participating in the Medicare program from the effective date of the revocation until the end of the re-enrollment bar. The re-enrollment bar is a minimum of 1 year, but not greater than 3 years depending on the severity of the basis for revocation.

Contractors have established the re-enrollment bar in accordance with the following:

- 1 year – License revocation/suspension that a deactivated provider (i.e., is enrolled, but is not actively billing) failed to timely report to CMS; provider failed to respond to revalidation request.

- 2 years – The provider is no longer operational.

- 3 years – Medical license revocation/suspension and the practitioner continued to bill Medicare after the license revocation/suspension; felony conviction and the practitioner continued to bill Medicare after the date of the conviction; falsification of information.

Currently the contractor updated the Provider Enrollment Chain and Ownership System (PECOS) to reflect that the individual is prohibited from participating in Medicare for the 1, 2, or 3-year period reflected by the enrollment bar in question. Contractors enter the description of the adverse legal action along with the enrollment bar imposed, 1, 2 or 3 years in to section 3 of PECOS.

The MultiCarrier System (MCS) currently accepts the PECOS extract and uses the action reason (AR) code 46. MCS will continue to accept the AR 46 from PECOS until PECOS can be redesigned to send MCS new reason and/or status code to assign the AR codes below per enrollment bar.

Until the PECOS redesign, AR 46 will remain on MCS V2 and/ or the Provider Eligibility Screen (PE) screen and contractors shall manually enter the following informational AR codes to indicate the established re-enrollment bar in accordance with 42 CFR § 424.535,

- AR 73 – 1 year re-enrollment bar
- AR 74 – 2 year re-enrollment bar
- AR 81 – 3 year re-enrollment bar

and the date the AR should begin in the effective date field on the MCS V2 screen. This date shall reflect the start date of the enrollment bar.

42 CFR §424.535 also requires a physician organization, physician, non-physician practitioner or independent diagnostic testing facility (IDTF) must submit all claims for items and services furnished within 60 calendar days of the effective date of the revocation. Therefore, for claims submitted on and after day 61are not payable even if the date of service is prior to the revocation date.

The new AR codes 73, 74 and 81 shall be defined that if claim is submitted on the 61 day after the effective date of the AR and the date of service is greater than, less than or equal to day 61 on the provider file, the claim should be rejected as unprocessable. This would include adjustments, redeterminations and re-opening of claims.

B. Policy: Title 42 CFR §424.535 (1-10) has the requirements a Medicare contractor or the Centers for Medicare & Medicaid Services (CMS) may revoke a currently enrolled provider or supplier's Medicare billing privileges. 42 CFR §424.535 (10)(2)(h) states a physician organization, physician, non-physician practitioner or independent diagnostic testing facility (IDTF) must submit all claims for items and services furnished within 60 calendar days of the effective date of the revocation.

II. BUSINESS REQUIREMENTS TABLE

Use"Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
6770.1	For the 1 year enrollment bar contractors shall use AR 73 and the date the AR should begin in the effective date field on the MCS V2 screen.	X			X						
6770..2	For the 2 year enrollment bar contractors shall use AR 74 and the date the AR should begin in the effective date field on the MCS V2 screen.	X			X						
6770.3	For the 3 year enrollment bar contractors shall use AR 81 and the date the AR should begin in the effective date field on the MCS V2 screen.	X			X						
6770.4	Contractors shall define the new AR codes 73, 74 and 81 so that if a claim is submitted on or after the 61st day after the effective date of the AR and the date of service is greater than, less than or equal to day 61 on the provider file, the claim should be rejected as unprocessable using CARC 16 and RARC N256 and N257.	X			X						
6770.5	Contractors shall also reject adjustments, redeterminations and re-opening of claims as unprocessable using CARC 16 and RARC N256 and N257. .	X			X						
6770.6	Contractors shall implement these changes with any	X			X						

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
	claim process on or after the implementation date.										
6770.7	Contractors shall implement the use of AR 73, 74 and 81 effective with this change request. Note: CMS is not requesting historical information to be corrected.	X			X						
6770.8	HP shall update the MCS Action Reason code documents.							X			
6770.9	Contractors shall enter the description of the adverse legal action along with the enrollment bar imposed, 1, 2 or 3 years in to section 3 of PECOS.	X			X						
6770.10	HP shall update PES Copy Provider function to include the new ARs for the RailRoad contractor.							X			Railroad

II. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		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: N/A
Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

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

V. CONTACTS

Pre-Implementation Contact(s): Sandra Olson Sandra.olson@cms.hhs.gov 410-786-1325 or Alisha Banks Alisha.banks@cms.hhs.gov 410-786-0671

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VI. FUNDING

Section A: 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.

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.