| CMS Manual System | Department of Health & Human Services (DHHS) |
|---|---|
| Pub 100-20 One-Time Notification | Centers for Medicare & Medicaid Services (CMS) |
| **Transmittal 689** | **Date: April 30, 2010** |
| | **Change Request 6881** |

**SUBJECT: Analysis and Design to Ensure That Coordination of Benefits Agreement (COBA) Trading Partners Can Accept and Process Acute Care Episodic (ACE) Demonstration Claims For Crossover Purposes**

**I. SUMMARY OF CHANGES:** Through this instruction, CMS is requesting that the Part A shared system maintainer analyze and design a solution that will contribute towards greater acceptance of Acute Care Episode (ACE) demonstration project claims via the national Coordination of Benefits Agreement (COBA) crossover process. Specific focus is needed concerning how the Part A shared system can most effectively report the Part B physician co-insurance component of the ACE demo on outbound 837 institutional claims in the form of a Claim Adjustment Segment (CAS) Group Code, with appropriate Claim Adjustment Reason Code (CARC). Additional focus is needed concerning how these claims may consistently balance for outbound 837 crossover claim purposes.

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

**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: 689 | Date: April 30, 2010 | Change Request: 6881 |
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**SUBJECT: Analysis and Design to Ensure That Coordination of Benefits Agreement (COBA) Trading Partners Can Accept and Process Acute Care Episodic (ACE) Demonstration Claims For Crossover Purposes**

**Effective Date**: October 1, 2010

**Implementation Date:** October 4, 2010

## I. GENERAL INFORMATION

**A. Background:** As was conveyed through the issuance of Change Request (CR) 6001, Transmittal 58, as a value-based purchaser of care, the Centers for Medicare & Medicaid Services (CMS) seeks to devise and test new methods of paying providers that will encourage improvements in both the efficiency and quality of care provided to Medicare beneficiaries. The Acute Care Episode (ACE) demonstration was specifically designed to align incentives and provide flexibility to hospitals and physicians by bundling all related services into an "episode of care" and paying a single, global payment that can be used as the providers of care deem most appropriate. Approximately 15 demonstration sites are targeted for participation in this demonstration. The CMS will select sites for participation in the demonstration project from among those states that pay claims under the diagnostic-related group (DRG) inpatient prospective payment system (IPPS). The ACE demonstration project, inaugurated in 2009, is conducted under the authority of section 402 of the Social Security Act at the behest of the Secretary of Health & Human Services.

Through this analysis and design CR, the CMS is seeking to realize improvements in payment of the Part B physician component of the ACE demonstration project type of bill 11x claims after Medicare crosses them over to various Coordination of Benefits Agreement (COBA) trading partners that participate in the national crossover process. The CMS also hopes to realize a strategy for ensuring that ACE demonstration claims will balance without having to subtract the effect of the Part B physician component co-insurance amount to do so.

**B. Policy:** With respect to the creation of outbound 837 institutional claims, the Part A shared system shall conduct analysis to identify a strategy to ensure that: 1) All ACE demonstration DRG-payment amounts and co-insurance amounts as now populated in the 2300 HI loop, qualified by Y1, Y2, Y3, and Y4, continue to be reported in this location; and 2) the Part B physician co-insurance amount component is reported in the form of a "PR" Claim Adjustment segment (CAS) Group Adjustment Code, with an accompanying Claim Adjustment Reason Code (CARC) value of 2, at the 2320 claim level.

The Part A shared system shall conduct analysis to identify a method for balancing all outbound 837 institutional type of bill 11x ACE demonstration claims as follows: A) The total amount billed (gross amount of the ACE demonstration claim) **less** B) all CAS segments **equals** C) the amount of Medicare's global payment to the provider.

Finally, and most importantly, all Part A contractors and their shared system maintainer shall analyze the foregoing proposed change strategies with a view towards ensuring they will result in the creation of Health Insurance Portability and Accountability Act (HIPAA) compliant 837 institutional crossover claims.

## II. BUSINESS REQUIREMENTS TABLE

| Number | Requirement | Responsibility | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | A/B MAC | DME MAC | FI | CARRIER | RHHI | Shared-System Maintainers | | | | Other |
| | | | | | | | FISS | MCS | VMS | CWF | |
| 6881.1 | With respect to the creation of outbound 837 institutional claims, the Part A shared system shall conduct analysis to identify a strategy to ensure that:<br><br>1) All ACE demonstration DRG-payment amounts and co-insurance amounts as now populated in the 2300 HI loop, qualified by Y1, Y2, Y3, and Y4, continue to be reported in this location; and<br>2) The Part B physician co-insurance amount component is reported in the form of a "PR" Claim Adjustment segment (CAS) Group Adjustment Code, with an accompanying Claim Adjustment Reason Code (CARC) value of 2, at the 2320 claim level. | | | | | | X | | | | |
| 6881.2 | The Part A shared system shall conduct analysis to identify a method for balancing all outbound 837 institutional type of bill 11x ACE demonstration claims as follows:<br><br>A) Total amount billed (gross amount of the ACE demonstration claim) **less** B) all CAS segments **equals** C) the amount of Medicare's global payment to the provider. | | | | | | X | | | | |
| 6881.3 | The J-4 Medicare Administrative Contractor (MAC) and its shared system maintainer shall analyze the proposed change strategies, as outlined in 6881.1 and 6881.2, with a view towards ensuring they will result in the creation of Health Insurance Portability and Accountability Act (HIPAA) compliant 837 institutional crossover claims. | X | | X | | | X | | | | |

## III. PROVIDER EDUCATION TABLE

| Number | Requirement | Responsibility | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | A/B MAC | DME MAC | FI | CARRIER | RHHI | Shared-System Maintainers | | | | OTHER |
| | | | | | | | FISS | MCS | VMS | CWF | |
| | N/A | | | | | | | | | | |

## IV. SUPPORTING INFORMATION

**Section A: Any recommendations and supporting information associated with listed requirements: N/A**

| X-Ref Requirement Number | Recommendations or other supporting information: |
|---|---|
| | |

**Section B: All other recommendations and supporting information: N/A**

## V. CONTACTS

**Pre-Implementation Contact(s):**

For COB/crossover questions, contact Brian Pabst (brian.pabst@cms.hhs.gov; 410-786-2487)
For ACE demonstration project policy questions, contact Cyndy Mason (cynthia.mason@cms.hhs.gov; 410-786-6680)

**Post-Implementation Contact(s):** Brian Pabst (brian.pabst@cms.hhs.gov; 410-786-2487)

## 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.