CMS Manual System

Pub 100-04 Medicare Claims Processing

Department of Health & Human Services (DHHS)

Center for Medicare & Medicaid Services (CMS)

Transmittal 741

Date: NOVEMBER 4, 2005

Change Request 4058

SUBJECT: New Condition Codes 49 and 50

I. SUMMARY OF CHANGES: CMS has requested and received new Condition Codes from the National Uniform Billing Committee to describe claims where a provider has received a device or product without cost. This could be because the item was under warranty, replaced, recalled, or defective. This CR will require FISS and CWF to accept this new code; however we do not envision any editing related to this code. It will provide information and be used for tracking purposes.

NEW/REVISED MATERIAL :
EFFECTIVE DATE : April 1, 2006
IMPLEMENTATION DATE : April 3, 2006

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:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operating budgets.

IV. ATTACHMENTS:

One-Time Notification

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

Attachment – One-Time Notification

Pub. 100-04	Transmittal: 741	Date: November 4, 2005	Change Request 4058

SUBJECT: New Condition Codes 49 and 50

I.   GENERAL INFORMATION

A.   Background: A condition code is a two position alphanumeric code used to identify conditions relating to a bill that may affect payer processing. Condition codes are located in Form Locator 24-30 (and electronic equivalent).

CMS recently requested and received a modifier to be used on physician and outpatient hospital bills to describe an item that is provided without cost to a provider, supplier, or practitioner for use for items that are under warranty or defective**.** The CMS requested and received new condition codes from the National Uniform Billing Committee for the same reasons.

The new codes are defined as follows:

49   Product Replacement within Product Lifecycle—Replacement of a product earlier than the anticipated lifecycle due to an indication that the product is not functioning properly.

50   Product Replacement for Known Recall of a Product—Manufacturer or FDA has identified the product for recall and therefore replacement.

B.   Policy: Hospitals shall report these codes on any inpatient or outpatient claim that fits the above definitions. CMS intends to use the codes for tracking purposes initially.

Medicare systems should not perform any editing on these codes; however, systems should recognize them as valid codes.

II.   BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement
"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	

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		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
4058.1	Medicare contractors shall recognize Condition Code 49 effective April 1, 2006.	X	X			X			X	
4058.2	Medicare contractors shall recognize Condition Code 50 effective April 1, 2006.	X	X			X			X	

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
4058.3	A provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. 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 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into any educational events on this topic. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X	X							

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

V. SCHEDULE, CONTACTS, AND FUNDING

Effective Date*: April 1, 2006 **Implementation Date: April 3, 2006** **Pre-Implementation Contact(s):** **inpatient claims: Sarah Shirey, sarah.shirey-losso@cms.hhs.gov;** **outpatient claims: Faith Ashby, faith.ashby@cms.hhs.gov** **Post-Implementation Contact(s): Appropriate Regional Office**	**No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.**

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