CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 867	Date: March 4, 2011
	Change Request 7201

Transmittal 814, dated November 19, 2010, is rescinded and replaced by Transmittal 867 to state that the Fiscal Intermediary Shared System shall implement this Change Request in the July 2011 release. All other information, Contractor and Shared Systems Implementation Dates Remain the Same.

SUBJECT: Analyze, Design, Maintain and Provide Implementation Instructions for a Modification of the Part A and Part B Common Edits and Enhancement Modules (CEMs), to allow 277C Edits to be Turned On/Off by the Encounter Data Front-End System (EDFES) Contractor Only

I. SUMMARY OF CHANGES: CMS will collect and price Medicare Advantage (MA) Plan encounter data to establish risk adjustment models based on MA cost and utilization. The data will be collected from the MA Plans in the 837X Version 5010 format. The MA Plans will submit adjudicated data which will be processed using the Medicare Encounter Data Processing and Pricing System based on modified versions of the Medicare Fee for Service (FFS) claims processing systems. The Encounter Data Front End System (EDFES) will use a version of the Part A and the Part B Common Edit and Enhancement Modules (CEMs) to edit MA encounter data.

This Change Request is to create and maintain a modifiable version of the Part A CEM and Part B CEM that allows the 277C edits to be switched on or off. This will provide the Encounter Data Front-End Contractor (EDFEC) the ability to turn CMS designated 277C edits on/off as needed for the processing of MA encounter data.

EFFECTIVE DATE: April 1, 2011
IMPLEMENTATION DATE: July 5, 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

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: 867	Date: March 4, 2011	Change Request: 7201

Transmittal 814, dated November 19, 2010, is rescinded and replaced by Transmittal 867 to state that the Fiscal Intermediary Shared System shall implement this Change Request in the July 2011 release. All other information, Contractor and Shared Systems Implementation Dates Remain the Same.

SUBJECT: Analyze, Design, Maintain and Provide Implementation Instructions for a Modification of the Part A and Part B Common Edits and Enhancement Modules (CEMs), to Allow 277C Edits to be Turned On/Off by the Encounter Data Front-End System (EDFES) Contractor Only

Effective Date: April 1, 2011
Implementation Date: July 5, 2011

I.   GENERAL INFORMATION

A.   Background: Currently Medicare Advantage (MA) plans submit data in an abbreviated claims format to CMS to provide the diagnostic information used in calculating the health status component of the beneficiary risk scores, which is used as the basis for the MA plan payment. MA plans do not currently submit information on each encounter and do not submit most elements included in the ANSI 5010 format, such as Current Procedural Terminology (CPT) codes that might be used to calculate a Fee-For-Service (FFS) payment. Therefore, CMS uses FFS data to determine beneficiary utilization patterns to predict costs in the MA program.

Adding all of a beneficiary's health care encounter data to the existing risk adjustment system will improve the accuracy of the risk adjustment model used to pay MA plans by reflecting the appropriate patterns of utilization and costs within the MA program. Thus, CMS will collect and price MA Plan encounter data to establish risk adjustment models based on MA cost and utilization.

The data will be collected from the MA Plans in the 837X Version 5010 format. The MA Plans will submit adjudicated data which will be processed using the Medicare Encounter Data Processing and Pricing System based on modified versions of the Medicare FFS claims processing systems. The Encounter Data Front End System (EDFES) will use a version of the Part A and the Part B Common Edit and Enhancement Modules (CEMs) to edit MA encounter data.

This Change Request is to create and maintain a modifiable version of the Part A CEM and Part B CEM that allows only the 277C edits to be switched on or off. This will provide the Encounter Data Front-End System Contractor (EDFESC) the ability to turn CMS designated 277C edits on/off as needed for the processing of MA encounter data.

B.   Policy: The Inpatient Prospective Payment System Rule for 2009, published August 19, 2008, revised section 422.310 of the 42 Code of Federal Regulations and clarified that MA plans can be required to submit encounter data for each item and service provided to an MA plan enrollee.

In 2009, CMS changed its regulations to reassert the agency with the authority to collect encounter data, as already supported by statute. CMS has more recently notified stakeholders of the intent to collect encounter data in the 2010 Advance Notice, which was released in February 2009. Thus CMS will collect Part C utilization and cost data from MA plans. Encounter data will enhance CMS' ability to measure and price utilization in the managed care sector.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	A / B MAC	D M E MAC	F I	C A R R I E R	R H H I	FISS	MCS	VMS	CWF	OTHER
							Shared-System Maintainers				
7201.1	FISS shall complete analysis & design of the FFS Part A CEM source code in preparation for the development of a modifiable Part A CEM that allows for the turning on/off of the 277C edits.						X				
7201.2	FISS shall modify the Part A CEM source code to allow for the turning on/off of 277C edits.						X				
7201.3	FISS shall test the modified Part A CEM to ensure 277C edits are modifiable.						X				
7201.4	FISS shall complete implementation of the modified Part A CEM.						X				
7201.5	FISS shall maintain the source code for the modified Part A CEM.						X				
7201.6	FISS shall ensure that modified Part A CEM retains the ability to turn on/off the 277C edits when the modified Part A CEM is updated.						X				
7201.7	FISS shall notify the EDFESC when an updated version of the modified Part A CEM is released.						X				
7201.8	FISS shall not produce additional reporting or receipt and control reporting at this time.						X				
7201.9	FISS shall hold three (3) meetings with the EDFESC that are each one (1) hour long.						X				
7201.10	MCS shall complete analysis & design of the FFS Part B CEM source code in preparation for the development of a modifiable CEM that allows for the turning on/off of the 277C edits.							X			
7201.11	MCS shall modify the Part B CEM source code to allow for the turning on/off of 277C edits.							X			
7201.12	MCS shall test the modified Part B CEM to ensure 277C edits are modifiable.							X			
7201.13	MCS shall complete implementation of the modified Part B CEM.							X			
7201.14	MCS shall maintain the source code for the modified Part B CEM.							X			

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B MAC	D M E MAC	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	
7201.15	MCS shall ensure that modified Part B CEM retains the ability to turn on/off the 277C edits when the modified Part B CEM is updated.							X			
7201.16	MCS shall notify the EDFESC when an updated version of the modified Part B CEM is released.							X			
7201.17	MCS shall not produce additional reporting or receipt and control reporting at this time.							X			
7201.18	MCS shall hold three (3) meetings with the EDFESC that are each one (1) hour long.							X			

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B MAC	D M E MAC	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	
	None.										

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:
All Requirements in these CRs.	There should not be changes to the file that goes into the CEM. There should not be changes to the file that goes out of the CEM. There should not be additional reporting or receipt and control at this time. The modifiable Part A and Part B CEMs execution process will be the same as described in several FFS transmittals: 1) performs inbound receipt control and balancing activity (see Transmittal 537, Change Request 6597, dated August 21, 2009), 2) edits the 837 flat file, performing Medicare edits and certain Technical Report 3 (TR3) edits resulting in a 277CA (claim acknowledgement) (see Transmittal 518, Change Request 6475, dated July 17, 2009), 3) formats 277CA rejection responses based on edit failures as detected by the CEM and the contractor front end, as identified by STC segments in the 837 flat file, (see Transmittal 545, Change Request 6622, dated August 28, 2009), 4) assigns a control number to accepted claims (see Transmittal 512, Change Request 6558, dated July 2, 2009), 5) formats 277CA

X-Ref Requirement Number	Recommendations or other supporting information:
	acceptance responses in a flat file that include claim control numbers (see Transmittal 545 Change Request 6622, dated August 28, 2009), 6) fully populates the required control record that will be used on transmission file to the EDC to allow for receipt, outbound control and balancing processes to occur, (see Transmittal 537, Change Request 6597, dated August 21, 2009), 7) passes the 277CA flat file back to the contractor front end system for delivery to the trading partner, and 8) delivers the fully edited 837 flat file containing only accepted claims to the EDC, including the required control record). The modifiable Part A and Part B CEMs should not have the 277C edits hard coded. The 277C codes should be editable via a table, parameter library, etc. It is recommended that discussion be held with the EDFESC for developing the best solution.
	277CA in CEM Spreadsheets: 5010 Institutional and Professional Edits spread sheets

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

V.   CONTACTS

Pre-Implementation Contact(s):   Cecilia Prela, Cecilia.Prela@cms.hhs.gov, (410) 786-1110.

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),* and/or *Carriers*:

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