

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
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**CENTER FOR MEDICARE**

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**DATE:** June 25, 2019

**TO:** All Medicare Advantage Organizations, PACE Organizations, Medicare-Medicaid Plans, Section 1833 Cost Contractors, and Demonstrations

**FROM:** Jennifer R. Shapiro, Acting Director, Medicare Plan Payment Group

**SUBJECT:** 2019 Encounter Data Front-end System Translator Software, Reference Data Updates, and Guidance on Submission of Partially Capitated Encounters

The Centers for Medicare & Medicaid Services (CMS) implements software improvements to the systems related to accepting and processing encounter data to support the Medicare Advantage (MA) program. This memo provides information on updates to the Encounter Data Front-End Processing System (EDFES) software and guidance on submission of partially capitated encounters. The implementation date for each update is listed in the descriptions below.

**Electronic Data Interchange (EDI) Translator Software Transition.** In late 2016, CMS announced, via a Customer Service and Support Center (CSSC) listserv, a change to the front-end processing system's translator product. The translator receives encounter data files, performs syntactical editing, and translates the files into the CMS defined flat file. The change in translators was initiated due to the discontinued support for the current translator product currently used for ASC X12 TR3 editing. CMS conducted extensive testing of the new translator to ensure that it produces similar editing results and will mirror the current process. The transition to the new translator software should be seamless for submitters. CMS will be transitioning to the new translator product on July 22, 2019.

In the event you have questions, please contact CSSC Operations at 1-877-534-2772 (option 2) or by email at [csscooperations@palmettogba.com](mailto:csscooperations@palmettogba.com).

**Encounter Data Front-End System – Reference Data Updates.** CMS has added the following procedure codes and modifiers and condition codes to the reference data tables of the front-end system. The codes are not accepted by Medicare Fee-for-Service. However, these codes are now acceptable on encounter data and chart review records. Submitters should assess previously submitted records (all dates of service) that were rejected to determine whether these records were rejected for using the values listed below prior to the date added to the reference tables. These rejected records should be resubmitted in order to be reprocessed with the new reference data.

<b>Code Type</b>	<b>Code</b>	<b>Code Description</b>	<b>Added to Reference Tables as of</b>
Condition Code	P7	Patient admitted directly from this facility's Emergency Room/Department	07/24/2018
Condition Code	06	End Stage Renal Disease (ESRD) patient in the first 30 months of entitlement covered by employer group health	09/07/2018
Condition Code	09	Neither the patient nor the spouse is employed	09/07/2018
Condition Code	10	Patient and/or spouse is employed but no Employee Group Health Plan (EGHP) coverage exists	09/07/2018
Condition Code	11	Disabled beneficiary but no Large Group Health Plan (LGHP)	09/07/2018
Procedure Code	T1013	Sign language or oral interpretive services, per 15 minutes	02/15/2019
Procedure Code	S9480	Intensive outpatient psychiatric services, per diem	03/01/2019
Procedure Code	T1040	Medicaid certified community behavioral health clinic services, per diem	02/15/2019
Procedure Code	T4544	Adult sized disposable incontinence product, protective underwear/pull-on, above extra large, each	02/15/2019
Procedure Code	H0049	Alcohol and/or drug screening	02/15/2019
Procedure Code	S9465	Diabetic management program, dietitian visit	02/15/2019
Procedure Code	S0039	Injection, sulfamethoxazole and trimethoprim, 10 ml	03/01/2019
Procedure Code Modifier	LL	Lease/rental (use the 'll' modifier when DME equipment rental is to be applied against the purchase price)	07/24/2018

**Submission of Partially Capitated Encounters.** CMS is providing updated guidance on submission of encounters on which some service lines are paid under a capitated arrangement, while other service lines are not. This information will also be included in the next version of the Encounter Data Submission & Processing Guide.

## Institutional Encounters

*All Lines Capitated.* If all services for an institutional encounter are paid on a capitated basis, then the record should be submitted with the field CN101 at the header level (LOOP 2300) set to “05”.

*Mix of Capitated and Non-Capitated Service Lines.* If an institutional encounter contains services covered under both capitated and non-capitated arrangements, the MAO should populate the record as follows:

*LOOP2300:* Populate the CN101 data field at the header level (LOOP 2300) with “05”.

*For capitated lines, LOOP2400:* Populate the CAS02 segment with a Line Adjustment Reason Code of “24” to indicate a capitated service line only if the CAS02 segment does not already have a Line Adjustment Reason Code of “24” as per the 835 Remittance Advice (RA).

*For non-capitated service lines, LOOP2400:* Populate the Line Adjustment Reason Code using the CAS codes on the 835 (RA).

## Professional Encounters

*All Lines Capitated.* If all services for a professional encounter are paid on a capitated basis, then the record should be submitted with the field CN101 at the header level (LOOP 2300) set to “05”.

*Mix of Capitated and Non-Capitated Service Lines.* If a professional encounter contains services covered under both capitated and non-capitated arrangements, the MAO should populate the record as follows:

*LOOP2300:* Populate the CN101 data field at the header level (LOOP 2300) with “05”.

*For capitated lines, LOOP2400:* Populate the CN101 data field with a “05” for each capitated service line.

*For non-capitated service lines, LOOP2400:* Populate the CN101 data field with the appropriate contract type code for each non-capitated service line. See below.

<b>Code</b>	<b>Definition</b>
01	Diagnosis Related Group (DRG)
02	Per Diem
03	Variable Per Diem
04	Flat
05	Capitated
06	Percent
09	Other

Questions should be addressed to [encounterdata@cms.hhs.gov](mailto:encounterdata@cms.hhs.gov). Please specify, “2019 Encounter Data Front-End System Translator Software, Reference Data Updates, and Guidance on Submission of Partially Capitated Encounters” in the subject line. Thank you.