
Medicare Program Integrity Manual

Department of Health and
Human Services (DHHS)
Centers for Medicare &
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CHANGE REQUEST 1962

<u>CHAPTERS</u>	<u>REVISED SECTIONS</u>	<u>NEW SECTIONS</u>	<u>DELETED SECTIONS</u>
11		1, 2, 3, 4	

NEW/REVISED MATERIAL--EFFECTIVE DATE: March 5, 2002

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CLARIFICATION/MANUALIZATION--EFFECTIVE/IMPLEMENTATION DATE: Not applicable

This transmittal adds Chapter 11 - Fiscal Administration.

In previous years, MCM, Part 1, 4213 contained requirements regarding how carriers were to allocate MR costs, savings and workload in CAFM and CROWD. Parallel requirements for FIs were located in MIM, Part 1, 1213. Most of the MR language in the MCM and MIM was eliminated in the summer of 2001 and replaced with generic language that directs contractors to the Program Integrity Manual. This transmittal adds those previous requirements to Chapter 11 of the PIM and updates them to reflect the workload, costs and savings allocation requirements formerly listed in the MR Budget and Performance Requirements (BPR).

Chapter 11, §1 - Medical Review (MR) Workload, Cost, and Savings Allocations - adds updated workload, cost, and savings allocation requirements for MR.

Chapter 11, §1.1 - MR Overview - requires contractors to allocate to the MR activity code in CAFM only the workload and costs associated with MR tasks. Requires contractors to allocate to the MR line in CROWD only those savings that are generated by MR tasks. Requires contractors to allocate staff salary/fringes over multiple lines if they are involved in multiple activities.

Chapter 11, §1.2 - Reporting MR Workload and Cost Information and Documentation in CAFM - requires that cost, savings and workload information be maintained on-site; requires that workload records contain Interim Expenditure Report (IER) information; states that contractors are responsible for the accuracy of the CAFM II report.

Chapter 11, §1.3 - Prepay Review for MR Purposes- requires that contractors count a claim as MR workload only once, even if it is reviewed multiple times. SPECIFIES AN MCS SYSTEMS CHANGE: MCS must deny a new claim as a duplicate against a claim that has been denied, medically reviewed, or where documentation was requested but not received. (Effective: 10/1/2003)

Chapter 11, §1.3.1 - Automated Prepay Review Workload and Cost (Activity Code 21001) - defines activity code 21001. SPECIFIES AN MCS SYSTEMS CHANGE: MCS must allow users to report activity code 21001 Workload 3.

Chapter 11, §1.3.2 - Routine Manual Prepay Review Workload and Cost (Activity Code 21002) - defines activity code 21002. SPECIFIES AN MCS SYSTEMS CHANGE: MCS must allow users to report activity code 21002 Workload 3.

Chapter 11, §1.3.3 - Complex Manual Prepay Reviews Workload and Cost (Activity Code 21003) - defines activity code 21003. SPECIFIES AN MCS SYSTEMS CHANGE: MCS must allow users to report activity code 21003 Workload 3.

Chapter 11, §1.4 - Data Analysis Costs (Activity Code 21007) - defines activity code 21007.

Chapter 11, §1.5 - Policy Development Activities Workload and Cost (Activity Code 21008) - defines activity code 21008.

Chapter 11, §1.6 - Third Party Liability or Demand Bills Workload and Cost (Activity Code 21010) - defines activity code 21010.

Chapter 11, §1.7 - Postpayment Claim Review Activities For MR Purposes - defines postpayment claim review activities for MR purposes.

Chapter 11, §1.7.1 - Routine Manual Postpayment Claims Review Workload and Cost (Activity Code 21030) - defines activity code 21030.

Chapter 11, §1.7.2 - Complex Manual Provider-Specific Postpayment Claims Review Workload and Cost (Activity Code 21031) - defines activity code 21031. SPECIFIES AN MCS SYSTEMS CHANGE: MCS must allow users to report activity code 21031 Workload 3.

Chapter 11, §1.7.3 - Complex Manual Service-Specific Postpayment Claims Review Workload and Cost (Activity Code 21032) - defines activity code 21032. SPECIFIES AN MCS SYSTEMS CHANGE: MCS must allow users to report activity code 21032 Workload 3.

Chapter 11, §1.8 - Program Safeguard Contractor (PSC) Support Services (Activity Codes 21100) - defines activity code 21100 and lists associated miscellaneous codes.

Chapter 11, §1.10 - Reporting MR Savings in CROWD - defines what contractors should include as MR savings in the CROWD reports.

Chapter 11, §2 - Benefit Integrity (BI) Workload, Cost, and Savings Allocation - This section is reserved for future use.

Chapter 11, §3 - Medicare Integrity Program Provider Education and Training Workload, Cost and Savings Allocation - adds updated cost allocation requirements for MIP-PET.

Chapter 11, §3.1 - MIP-PET Overview - provides a reference to the MIP-PET section of the PIM.

Chapter 11, §3.2 - Reporting MIP-PET Workload and Cost Information in CAFM - requires contractors to use activity code 24000 when reporting MIP-PET costs in CAFM.

Chapter 11, §3.10 - Reporting MIP-PET Savings in CROWD - This section is reserved for future use.

Chapter 11, §4 - Provider Enrollment Workload, Cost, and Savings Allocation - This section is reserved for future use.

These instructions should be implemented within your current operating budget.

NOTE: Red italicized font identifies new material.

MEDICARE PROGRAM INTEGRITY MANUAL

Chapter 11 – Fiscal Administration

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1 - Medical Review (MR) Workload, Cost, and Savings Allocations (Rev. 22, 03-05-02)

Effective October 1, 2003 all shared systems will be updated to provide contractors with required activity code data. This includes:

- providing more investigation indicators
- combining Participating and non-Participating data
- developing a mechanism to differentiate the initiation of MR.
- creating one data set

Until that time, contractors should report to the extent possible.

1.1 – MR Overview (Rev. 22, 03-05-02)

This chapter of the PIM lists the requirements contractors must follow when allocating MR Costs, Savings and Workload to the MR activities in CAFM and CROWD. These requirements formerly appeared in MCM, Part 1, 4213; MIM, Part 1, 1213 and the MR Budget and Performance Requirements (BPRs). Contractors must allocate to the MR activity code in CAFM only the workload and costs associated with MR tasks. Contractors must allocate to the MR line in CROWD only these savings that are generated by MR tasks. For example:

- *If a nurse reviewer spends 90% of her time performing complex manual prepay medical reviews and 10% of her time performing appeal reviews at the request of the appeals unit, the contractor must allocate 90% of this nurse's salary/fringes to 21003 and the 10% to the appropriate appeals activity code.*
- *If a non-clinician medical reviewer spends 80% of his time performing Routine Manual Coverage reviews and 20% of his time performing suspect duplicate reviews, the contractor must allocate 80% of this reviewer's salary/fringes to 21002 and the 20% to the appropriate claims processing activity code.*
- *If a nurse reviewer spends 70% of her time performing complex postpay claim review for the purpose of making a coverage determination on a provider who has been selected for targeted PCA review and 30% of her time performing prepay reviews at the request of the BI unit, the contractor should report 70% to the appropriate postpay MR code (21030, 21031, 21032) and 30% to 23007.*

For those MR costs that affect all MR activities (e.g. the MR Manager, Quality Improvement (QI) activities, ISO 9000 certification), contractors are encouraged to spread the cost allocation evenly across all MR activity codes. However, if the contractor's system prevents this from occurring, the contractor may allocate the costs to a single activity code at the contractor's discretion.

1.2 –Reporting MR Workload and Cost Information and Documentation in CAFM (Rev. 22, 03-05-02)

Workload information and associated workload cost information must be maintained on-site by all MR contractors. Contractors that maintain multiple MR processing sites must assure the presence of workload information and associated workload cost information at each of their sites. Each site should maintain records of its own workload information and associated workload cost information as well as records of MR workload information and associated workload cost information for all other sites maintained by the same contractor. The regional and/or central office can request this information at any time, therefore, contractors should be able to provide this information on an on-going basis.

At a minimum, contractors' MR workload records must include workload information captured by the Interim Expenditure Report (IER). Only costs (direct, indirect, overhead) incurred to support MR activities are reported on the MR line. Contractors

are responsible for ensuring the accuracy of the information contained in CAFM II. The contractor must alert the RO to any software or hardware problems that hinder the contractor's ability to report accurate data in CAFM II. The contractor should cc MROperations@CMS.HHS.gov.

1.3 - Prepay Review for MR Purposes (Rev. 22, 03-05-02)

The review of a claim for MR purposes is only counted as medically reviewed once no matter how many times the same claim is reviewed during claims processing. MCS users will be exempt from this requirement until October 1, 2003. Effective October 1, 2003 the MCS system shall be revised to deny as duplicate a newly submitted claim against a claim that has been denied, medically reviewed, or where documentation was requested but not received.

1.3.1 - Automated Prepay Review Workload and Cost (Activity Code 21001) (Rev. 22, 03-05-02)

Contractors must report the costs associated with automated review including personnel to install and activate supplemental edit software in Activity Code 21001. In the workload section of the CAFMII, Activity Code 21001, contractors should report the number of claims denied in whole or in part in Workload 1. To the extent the contractor can report claims subjected to automated review, this number should be reported in Workload 2. To the extent the contractor can report providers whose claims have been denied by automated review, this number should be reported in Workload 3. (PIM Ch.3, §4.5) Effective October 1, 2003 the MCS system shall be revised to allow users to report Activity Code 21001 Workload 3.

1.3.2 - Routine Manual Prepay Review Workload and Cost (Activity Code 21002) (Rev. 22, 03-05-02)

Contractors must report all costs associated with routine manual prepay reviews in Activity Code 21002. In the workload section of CAFMII, Activity Code 21002, report the number of claims reviewed in Workload 1. Contractors should report number of claims denied in whole or in part in Workload 2. To the extent the contractor can report providers subjected to routine review, they should report this number in Workload 3. (PIM Ch3. §4.5) Effective October 1, 2003, the MCS system shall be revised to allow users to report Activity Code 21002 Workload 3.

1.3.3 - Complex Manual Prepay Review Workload and Cost (Activity Code 21003) (Rev. 22, 03-05-02)

Contractors must report all costs associated with complex manual prepay reviews for MR purposes in Activity Code 21003. DMERCs must count Advanced Determinations of Medicare Coverage as 21003 work. In the workload section of the CAFMII, Activity Code 21003, report the number of claims reviewed in Workload 1. Report the number of claims denied in whole or in part in Workload 2. To the extent the contractor can report providers subjected to complex review, they should report this number as Workload 3. (PIM Ch3. §4.5) Effective October 1, 2003, the MCS system shall be revised to allow users to report Activity Code 21003 Workload 3.

1.4 - Data Analysis Costs (Activity Code 21007) (Rev. 22, 03-05-02)

Contractors must report all costs associated with data analysis activities in CAFMII Activity Code 21007 except for data analysis associated with benefit integrity and law enforcement support. There is no final claims workload to be reported for this activity.

1.5 - Policy Development Activities Workload and Cost (Activity Code 21008) (Rev. 22, 03-05-02)

Contractors must report all costs associated with LMRP activity and BIPA §522 in CAFMII Activity code 21008. Contractors must report the number of policies that

required notice and comment and became effective as Workload 1. Contractors must report the number of policies that were presented for notice and comment as Workload 2. Contractor must report the number of policies that were revised but did not require notice and comment as Workload 3. (CR 1021 provides additional guidance and has an effective date of 11/24/00; PIM Ch.1 §2, §6).

1.6 - Third Party Liability or Demand Bills Workload and Cost (Activity Code 21010) (Rev. 22, 03-05-02)

Intermediaries must report only the workload and costs associated with the medical review of third party liability claims and the workload and costs associated with the medical review of demand bills. Funding for claims processing and the appeals for third party liability and demand bills must be funded through program management.

Intermediaries must report the costs associated with the medical review of third party liability and the medical review of demand bills in Activity Code 21010. In the workload section of the CAFMII, in Activity Code 21010 intermediaries must report the total number of claims reviewed, i.e., third party liability claims plus claims for demand bills, in Workload 1. Intermediaries must report the number of claims denied in whole or in part in Workload 2. Intermediaries must report demand bills (claims) reviewed in Workload 3.

1.7 - Postpayment Claim Review Activities for MR Purposes (Rev. 22, 03-05-02)

Contractors must report all costs associated with the postpayment medical review of claims, e.g., sampling design and execution; claims examination, reviewing medical records and associated documentation; assessing overpayments; and contacting providers to notify them of overpayment assessment decisions. All costs associated with collecting the overpayment should be allocated to the appropriate overpayment collection CAFMII activity code.

1.7.1 - Routine Manual Postpayment Claims Review Workload and Cost (Activity Code 21030) (Rev. 22, 03-05-02)

Contractors must report all costs associated with routine manual postpayment claims review in Activity Code 21030. In the workload section of Activity Code 21030, contractors must report the total number of claims reviewed on a postpayment basis as Workload 1, and report the total number of claims denied in whole or in part as Workload 2. To the extent contractors can report providers subjected to postpayment review, they should report this number as Workload 3.

1.7.2 - Complex Manual Provider - Specific Postpayment Claims Review Workload and Cost (Activity Code 21031) (Rev. 22, 03-05-02)

Complex manual, provider specific reviews include review of medical records and other pertinent clinical information associated with a specific provider claim.

Contractors must report all costs associated with complex manual provider-specific postpayment claims review in Activity Code 21031. In the workload section of Activity Code 21031, contractors must report the total number of claims reviewed on a postpayment basis as Workload 1, and report the total number of claims denied in whole or in part as Workload 2. To the extent contractors can report providers subjected to postpayment review, they should report this number as Workload 3. Effective October 1, 2003 the MCS system will be revised to allow users to report Activity Code 21031 Workload 3.

Contractors must keep a record of their postpayment review workload using miscellaneous codes in CAFMII for the following information: the number of consent settlements offered (Miscellaneous Code 21031/01), the number of consent settlements

accepted (Miscellaneous Code 21031/02), and the total number of statistical samples for each overpayment extrapolation (formerly statistically valid random samples (SVRS) selected during the month. (Miscellaneous Code 21031/03). (PIM Ch. 3, §6)

1.7.3 - Complex Manual Service - Specific Postpayment Claims Review Workload and Cost (Activity Code 21032) (Rev. 22, 03-05-02)

Complex manual, service specific review includes review of medical records and other pertinent clinical information associated with the provision of a specific item or service regardless of the provider(s) of the items or services.

Contractors must report all costs associated with complex manual service-specific postpayment claims review in Activity Code 21032. In the workload section of Activity Code 21032, contractors must report the total number of claims reviewed on a postpayment basis as Workload 1, and report the total number of claims denied in whole or in part as Workload 2. To the extent contractors can report providers subjected to postpayment review, they should report this number as Workload 3. Effective October 1, 2003 the MCS system will be revised to allow users to report Activity Code 21032 Workload 3.

Contractors who are selected for participation in the OIG's CFO Error Rate Audit should count these services as 21032 workload and costs.

1.8 - Program Safeguard Contractor (PSC) Support Activities (Activity Code 21100) (Rev. 22, 03-05-02)

For FY 2002, contractors should begin tracking and recording costs associated with providing support services to PSCs (e.g., pulling records, xeroxing, mailing, record review). The total amount spent providing support services to all PSCs should be recorded under Activity Code 21100. In addition, contractors must report the cost of providing support services to the specific PSC listed below under the appropriate Miscellaneous Codes) (e.g., any support work done for the WIC is to be reported in Miscellaneous Code 21100/06).

A - Miscellaneous Codes for Activity Code 21100

- 21100/01 - Y2K PSC
- 21100/02 - Provider Education
- 21100/03 - Review of Providers Subject to Corporate Integrity Agreements
- 21100/04 - Statistical Analysis Center
- 21100/05 - Comprehensive Error Rate Testing Program
- 21100/06 - Western Integrity Center
- 21100/07 - Therapy Services PSC

1.9 – Reporting MR Savings in CROWD (Rev. 22, 03-05-02)

Contractors must report in CROWD only those actual savings that are generated from MR prepay and postpay reviews (21001, 02, 03, 10, 30, 31, 32).

Include as MR Savings the following:

- Actual Savings that result from all coverage and coding reviews done for MR purposes. Include all benefit category, statutory exclusion and reasonable and necessary reviews done for MR purposes.

Contractors shall not include as MR savings:

- Avoided costs (e.g. payments from the trust fund that won't be made because of an MR activity)

- *Savings that result from coverage or coding reviews performed at the request of the fraud unit.*
- *Savings that result from any review other than coverage or coding.*

2 - Benefit Integrity (BI) Workload, Cost, and Savings Allocation (Rev. 22, 03-05-02)

This section is reserved for future use.

3 - Medicare Integrity Program Provider Education and Training (MIP-PET) Workload, Cost, and Savings Allocation (Rev. 22, 03-05-02)

Routine manual postpay review occurs when a provider or contractor has identified a systemic problem in the providers billing system that can be corrected only through the routine review process.

3.1 - MIP-PET Overview (Rev. 22, 03-05-02)

MIP-PET activities are described in PIM Chapter 1, §5.

3.2 - Reporting MIP-PET Cost Information and Documentation in CAFM (Rev. 22, 03-05-02)

Contractors must report MIP-PET cost information in CAFMII Activity Code 24001.

3.3 - Reporting MIP-PET Savings in CROWD (Rev. 22, 03-05-02)

This section is reserved for future use.

4 - Provider Enrollment Workload, Cost and Savings Allocation (Rev. 22, 03-05-02)

This section is reserved for future use