Program Memorandum Intermediaries

Department of Health and Human Services (DHHS)

HEALTH CARE FINANCING ADMINISTRATION (HCFA)

Transmittal A-00-26 **Date: MAY 2000**

CHANGE REQUEST 1108

SUBJECT: Payment of Skilled Nursing Facility Claims for Beneficiaries Disenrolling from Terminating Medicare+Choice (M+C) Plans Who Have Not Met the 3-day Stay Requirement

HCFA will cover skilled nursing facility (SNF) care for beneficiaries involuntarily disenrolling from M+C plans as a result of a M+C plan termination when they do not have a 3-day PPS hospital stay before SNF admission. If HCFA does not cover these claims, beneficiaries will be liable to pay them. Beneficiaries in this situation have not been aware of their potential financial liability for their SNF care. HCFA is in the process of developing policy documents that will provide specific instructions for future years.

Fiscal intermediaries will start counting the 100-days of care with the SNF admission date (regardless of whether the beneficiary met the skilled level of care requirements on that date). All other original Medicare rules apply, such as the requirement that beneficiaries meet the skilled level of care requirement (for the period for which the original Medicare fee-for-service program is being billed).

To address this situation for enrollees disenrolling from terminating M+C plans, you will deem the 3-day hospitalization met. You will continue this policy until you receive further instructions.

To pay these bills, you will:

1) Have the provider use condition code 58 on the first fee-for-service (also known as original Medicare) claim for a beneficiary who was in a terminating M+CO and was an inpatient of a SNF at the time of termination.

2) If condition code 58 is present, bypass edit for 3-day prior stay at span code 70 and dates. Have standard systems bypass the edit on whether the admission date is within 30 days of span code 70 through date. Have standard systems pass condition code 58 to the Common Working File (CWF).

3) Have the CWF bypass the edit requiring span code 70 and dates if condition code 58 is present. Edit as follows: if the From Date = Admission Date, this date has to be within 30 days of an HMO enrollment period. If this condition is satisfied or the from date is not equal to the admission date, have CWF bypass the edit on whether the admission date is within 30 days of span code 70 through date if condition code 58 is present.

You will apply original Medicare coverage rules regarding the skilled level of care requirement. SNFs will need to assign these beneficiaries to a resource utilization group. Only pay for claims submitted for beneficiaries in certified SNF beds.

Please notify your SNFs in a newsletter or bulletin about the above clarification or by e-mail if feasible and more timely. Please also indicate to them that original Medicare fee-for-service rules regarding beneficiary cost sharing apply to these cases. That is, providers may only charge beneficiaries for SNF coinsurance amounts.

These instructions should be implemented within your current operating budget.

For questions pertaining to payment and coverage, please contact Sarah Thomas at (410) 786-9322.

The *effective date* of this Program Memorandum (PM) is January 1, 2000.

The *implementation date* of this PM is October 1, 2000.

This PM may be discarded after October 1, 2001.