
Program Memorandum Intermediaries

Department of Health and
Human Services (DHHS)
HEALTH CARE FINANCING
ADMINISTRATION (HCFA)

Transmittal A-00-80

Date: OCTOBER 31, 2000

CHANGE REQUEST 1406

SUBJECT: Notification to Outpatient Hospital Service Providers Concerning Deductible and Coinsurance Amounts on Electronic Remittance Advice Version 3051.4a

HCFA has identified two situations where the deductible and coinsurance amounts reported on Electronic Remittance Advice (ERA) version 3051.4a for outpatient hospital claims are overstated. Because of this, there is a potential to incorrectly bill Medicare beneficiaries for a higher payment than appropriate. The attached notice for outpatient hospital service providers furnishes more detail about when these two situations occur, and also recommends providers not forward affected claims to Medicare supplemental payers until they review the ERA coinsurance and deductible information for accuracy. The notice also provides strategies for providers to use to calculate correct deductible and coinsurance for outpatient claims for ERA version 3051.4a.

HCFA anticipates that one situation will be corrected with the next scheduled systems release October 30, 2000, and the other will be corrected during the week of November 13, 2000. However, the very existence of these situations for even a short time can result in a significant number of providers incorrectly billing Medicare beneficiaries for a higher payment than appropriate. In an effort to reduce this number, you are requested to post, as soon as possible, the information in the attached notice on your website used to communicate with Medicare outpatient hospital providers. HCFA recommends the information from the notice be placed within or under any category of information used to inform providers of the latest Medicare news and information. HCFA will be placing the same information on its HCFA.gov website.

HCFA also recommends that since both situations will be corrected within two weeks after the next scheduled systems release, this notification be deleted from your website by November 30, 2000.

The *effective date* for this Program Memorandum (PM) is: upon receipt.

The *implementation date* for this PM is: upon receipt.

These instructions should be implemented within your current operating budget.

This PM may be discarded after: January 1, 2001.

If you have any questions, contact LeeAnn Turney, (410) 786-3362

Notice to Outpatient Hospital Service Providers
Important Information Regarding Deductible and Coinsurance Amounts on Electronic Remittance Advice Version 3051.4a

HCFA has identified situations where the deductible and coinsurance amounts reported on ERA version 3051.4a for outpatient hospital claims are overstated. However, *the amounts on the beneficiary Medicare Summary Notice and all other ERA versions are correct*. Because the amounts on ERA version 3051.4a are overstated, there is a potential to incorrectly bill Medicare beneficiaries for a higher payment than appropriate. Providers should not forward affected claims to Medicare supplemental payers until they review the ERA coinsurance and deductible information for accuracy.

The overstatement of deductible and coinsurance on ERA version 3051.4a occurs in the following two situations.

Claims with Services Paid as Outliers

The ERA expects that outpatient claims will balance at the line-item level. Our pricing software for outpatient services does not allocate outlier payment amounts at the line-item level, providing the payment information for the entire claim. This results in an out-of-balance situation, causing the system to overstate the deductible and coinsurance on the remittance advice (**version 3051.4a only**). This situation occurs in our Fiscal Intermediary Standard System (FISS) and therefore only affects ERAs from Intermediaries processing claims through the FISS system.

We expect this issue to be fixed during the week of November 13, 2000.

Claims with Bundled Services on Separate Lines

When a provider bills bundled services as separate line items with no total charges, our code editor returns an Ambulatory Payment Classification (APC) code for the line, which results in line-level reimbursement. Since the line carries no charges, this creates an out-of-balance situation. The situation then causes the system to overstate the deductible and coinsurance on the remittance advice (**version 3051.4a only**). This situation occurs in our Fiscal Intermediary Standard System (FISS) and therefore only affects ERAs from Intermediaries processing claims through the FISS system.

We expect this issue to be fixed with the October 30, 2000 systems release.

In all cases, correct deductible and coinsurance can be calculated for outpatient claims ERA version 3051.4a as follows:

ERA via PcPrint

From the single claims report, total the line adjustments for deductible and coinsurance.

ERA via ERA 835

Total line level CAS (claim adjustment reason codes) segments for deductible and coinsurance.

ERA via Flat File

On the '33' records, total adjustments for deductible and coinsurance.

These situations were first reported by providers during the first week of September, 2000. Please be aware of these situations and continue to monitor HCFA's website for further information.