
PROGRAM MEMORANDUM CARRIERS

Department of Health
and Human Services

Health Care Financing
Administration

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CHANGE REQUEST 954

SUBJECT: Fee-for-Service Enrollment of Managed Care Organizations (MCOs) for the Indirect Payment Procedure

The purpose of this Program Memorandum is to ensure consistency in the processing of indirect payments to MCOs. The MCO's may bill Medicare in certain instances for services that are not covered in the capitated payments.

The MCO can file a single claim for the care on a fee-for-service basis with the payment going to the MCO and not the physician or eligible nonphysician practitioner. This procedure was formerly known as "Payment to Organizations" and can be found in the Medicare Carriers Manual (MCM) §7065. Such fee-for-service situations would include services provided by the MCO to a beneficiary who is a Medicare MCO enrollee but not on the HCFA rolls yet; attending physician services or services unrelated to a terminal illness by a beneficiary who has elected hospice; and services which must be billed to the carrier by a MCO which has a cost basis contract subject to certain administrative billing restrictions, e.g., independent physical therapy, outpatient psychiatric treatment, blood and end stage renal dialysis services.

MCOs undergo a stringent application process and are scrutinized closely by central office (CO) and regional office (RO) staffs before admission into the Medicare + Choice program. In the past, CO staff issued an indirect billing number via a letter which was to be attached to each claim sent in under this procedure. Some carrier systems cannot recognize this number so various situations have arisen creating payment problems. Some carriers have obtained minimal enrollment information to give the MCO a Provider Identification Number (PIN) and a Unique Physician Identification Number (UPIN) while others have required a MCO to complete Form HCFA-855 General Enrollment Application and wait while the carrier validates the information before issuing a PIN and a UPIN.

Managed Care Organization Requirements

If a MCO contacts a carrier about billing under the indirect payment procedure, the carrier should send them a copy of the Form HCFA-855 General Enrollment Application. The MCO will provide only the information in sections 1C, 1D, 6A, 6B, 6C, 14 (if applicable), 15 (optional), 17, and 18 of the General Application Form. The MCO is required to provide a copy of the letter issuing the indirect billing number from CO. If a MCO does not have an indirect billing number, then the MCO should contact Yvonne Rice at 410-786-7626, or fax 410-786-0322, or e-mail YRice@HCFA.gov. The MCO must include their contract number (H---).

The MCO must fill out a Form HCFA-855 and provide a copy of the letter from CO issuing the indirect billing number and send it to the carrier responsible for their area. Upon receipt of the Form HCFA-855 and letter, the carrier will issue a PIN and UPIN. Carriers are not required to verify any of the information provided since CO has already done so. The CO managed care component will direct the MCO to their local carrier. Carriers will accept the credentials from other

States instead of requiring multiple Form HCFA-855 submissions to all carriers with whom the MCO may do business. Therefore, a MCO can have more than one PIN since they will receive a different one for every carrier with which they do business, but they will have only one UPIN. MCO's are also responsible for adding language to physician/eligible nonphysician practitioners contracts which gives the MCO authority to receive the fee-for-service payment for the services rendered. This will become part of the MCO contractor performance evaluation. When filing the HCFA-1500 claim form, the MCO's must adhere to the instructions for completion of the HCFA-1500 contained in §2010 of the MCM, Part 4, Professional Relations.

Carrier Requirements

When contacted by a MCO, carriers must notify them that all of their contracted physicians and eligible nonphysician practitioners (e.g., nurse practitioners, physician assistants, physical/occupational therapists, and Certified Registered Nurse Anesthetists (CRNAs)) must have a UPIN in order for the MCO to receive payment for any indirect payment procedures performed that are billable. Payment will not be made to the MCO when a physician's or eligible nonphysician practitioner's UPIN and/or PIN is not on the claim form. The physicians and eligible nonphysician practitioners must complete Form HCFA-855. The carrier **is responsible** for verifying this information before issuing the UPIN and/or PIN, and this could take up to 45 days. As with MCO credentials, carriers will accept physician and nonphysician practitioner credentials from areas outside of the carriers specified area of responsibility.

MCO claims are subject to timeliness filing standards. If they are filed more than a year after the date of service, a 10 percent reduction will be assessed. Carriers must offer the MCO assistance in resolving any issues pertaining to claims processing requirements.

Durable Medical Equipment

If a MCO wants to bill for durable medical equipment, prosthetics, orthotics, or supplies related to the care they have given a beneficiary and which falls under the indirect payment procedure, then the MCO must contact the National Supplier Clearinghouse (NSC) at (803) 754-3951. The NSC will send the MCO a Form HCFA-855S, and the MCO will complete sections 3A, 3B, 3E, 5, 7, 8 (place "MCO" in primary type of supplier line), 19 (if applicable), 21, and 22. The MCO must return the completed Form HCFA-855S to the NSC with a copy of the letter conveying the indirect billing number issued by CO.

These instructions should be implemented within your current budget. There are no system changes required.

This Program Memorandum may be discarded after February 7, 2001.

Carriers should contact the appropriate regional office (RO) with any questions. RO staff may direct questions to Sue Hensley on (410) 786-7491 or Marla Kilbourne on (410) 786-7622.

Implementation date February 7, 2000.

Effective date is February 7, 2000.