
CMS Manual System

Pub. 100-16 Medicare Managed Care

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Transmittal 54

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I. SUMMARY OF CHANGES:

Section 60.2 - Standard Operating Procedures for Processing of Institutional Adjustments - In the subsection "Institutional Description," added the words "or Medicaid" to the end of the first sentence in the first paragraph.

CLARIFICATION – EFFECTIVE: Not Applicable.

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual not updated.) (R = REVISED, N = NEW, D = DELETED – (Only One Per Row.)

R/N/D	CHAPTER/SECTION/TITLE
R	19 / 60.2 / Standard Operating Procedures for Processing of Institutional Adjustments

III. ATTACHMENTS:

	Business Requirements
X	Manual Instruction
	Confidential Requirements
	One-Time Special Notification

60.2 - Standard Operating Procedures for Processing of Institutional Adjustments

(Rev. 54, 05-21-04)

Institutional Description

Institutional refers to a health status that is attributed to a beneficiary who is a resident in an institution or distinct part of an institution that has been certified by Medicare *or Medicaid*. This health status can only be assigned after they have been a resident of a certified institution for a qualifying period. (The definition of certified institution can be found in §§170 and 170.1 of [Chapter 7](#) of the Medicare Managed Care Manual.) The beneficiary is not required to be a member of the M+C organization nor Medicare during the qualifying period.

General Information About Institutional Payments

The institutional rate is paid retroactively for those members that meet the criteria for the institutional rate. For the M+C organization to be eligible to receive payment at the institutional rate, the beneficiary must have been a resident in a Medicare certified institution for a 30-day period including the last day of that month. This is referred to as the “qualifying period.” Additionally, the beneficiary must be living and enrolled in the M+C organization the first day of the following month. Once the M+C organization has verified that a beneficiary has met the criteria, including both the qualifying period and enrollment requirements, the M+C organization may request they be paid the institutional rate for that beneficiary for the month following the qualifying period.

The qualifying period must be 30 consecutive days that includes the last day of that month. The M+C organization does not get the institutional rate for the qualifying period; rather they receive the institutional rate for the month following the qualifying period. If a beneficiary resides in a Medicare Certified Institution from April 1 to April 30, then the M+C organization will receive the institutional rate for that beneficiary for the month of May.

In our example the beneficiary must remain enrolled in the M+C organization the first day of May for the plan to receive any payments for this beneficiary, including the institutional rate adjustment.

The normal method for M+C organizations to request the institutional rate for beneficiaries requires the M+C organization to submit electronic records, transaction type “01” to be included in the normal batch processing done by CMS. Each beneficiary record must include the claim number, the beneficiary name, action code “D,” the M+C organization’s contract number (HXXXX), and the transaction code “01.” The correct layout is found in the Plan Communications Guide. These transactions will be processed

during the normal monthly processing for payments, so they must be received by the established cut-off dates indicated on the GHP monthly schedule. These transactions effect payment related to the previous month (e.g., only April's qualifying period for May 1 payment can be submitted by the May cut-off). If for any reason the entire electronic submission is not processed during the normal period, the M+C organization should contact the Retro-Processing Contractor for assistance. The Plan Communication Guide provides the specific directions for the M+C organization process.

The following are examples of common situations that are likely to be encountered.

EXAMPLE 1

Institutionalized on February 14. Resided in the institution on March 31.

Enrolled in the plan on April 1.

The qualifying period: March 1 - March 31.

Institutional payment allowed: April 1 - April 30.

M+C organization submits the beneficiary information electronically to CMS by April cut-off.

The May monthly payment will include the institutional adjustment for April.

NOTE: The beneficiary could have been, but did not need to be enrolled in the M+C organization or in Medicare during the qualifying period.

The CMS will continue to pay the institutionalized rate while an enrolled member is temporarily absent from the facility for hospitalization or therapeutic leave, if the member returns to a certified institution, or distinct part of an institution, as defined in Chapter 7 of the Medicare Managed Care Manual. Temporary absences (less than 15 days) for medical necessity will be counted toward the 30-day requirement. Absences totaling 15 days or more during a month ends the institutional stay and the qualifying period of 30 days, including the last day of the month must be met before institutional status can be reinstated.

EXAMPLE 2

Beneficiary is absent from the institution January 1 through January 4 AND

Beneficiary is absent from the institution January 10 through January 20.

The temporary absence is 15 days, which totals more than 14 days in the month.

The M+C organization is not eligible to receive the institutional rate for this beneficiary.

The qualifying period must be met before the institutional rate can begin.

EXAMPLE 3

Institutionalized on September 16 through November 29.

Beneficiary is temporarily absent (hospitalized) from October 5-21.

The beneficiary did not meet the qualifying period in October because the beneficiary was absent from the institution for more than 14 days during October.

The beneficiary did not meet the qualifying period for November because the beneficiary did not remain in the institution the last day of November.

The M+C organization is not eligible to receive the institutional rate because the beneficiary did not meet the 30-day qualifying period.

EXAMPLE 4

Institutionalized on January 7, hospitalized on February 15-27. Returns to the institution.

Enrolled in the plan on March 1.

The beneficiary was absent from the institution for 13 days during February.

The qualifying period was January 29 - February 28.

Institutional payment allowed: March 1 - March 30.

M+C organization submits the beneficiary electronically to the CMS.

The April monthly payment will include the institutional payment adjustment for March.

General Guidelines for M+C Organizations Requesting Institutional Adjustments for Other Than the Preceding Month

It is the M+C organization's responsibility to verify whether a beneficiary has met the criteria for institutional status and to submit the required documentation to the Retro-Processing Contractor within 45 days of the monthly reports in becoming available via GROUCH to the M+C organizations.

The M+C organization may submit requests for the institutional rate for periods other than the preceding month including both a single month and multiple months. The Retro-Processing Contractor will review the request and may make the change in status directly in McCoy. The retroactive adjustments will be processed in the next normal payment cycle.

If the documentation submitted by the M+C organization is incomplete, it will be returned without action.

The M+C organization should never submit duplicate information unless the CMS Central Office, Regional Office, or Retro-Processing Contractor specifically requests that the duplicate information be submitted.

If the M+C organization is following up on specific previously submitted adjustments, the letter of inquiry should be sent separately from other adjustments and clearly indicate that it is a follow-up to request(s) previously submitted. It must include the claim number of the individual, the period involved, and the date the original request(s) was submitted.

Documentation Required by the Retro-Processing Contractor to Change the Institutional Health Status Retroactively

- M+C organization Contract Number (H#);
- Beneficiary Name and Claim Number;
- Period that the Beneficiary resided at the Institution;
- Months to be affected for institutional payment by this request;
- Periods of Absence from the institution, including attestation that it was for hospitalization or therapeutic reasons;
- Verification of the institutional stay including:
 - The name of the facility;
 - The date the verification with the facility was accomplished by the M+C organization;
 - The name and phone number (or e-mail/fax) of the person who was contacted at the facility;
 - The name of the person who did the verification at the M+C organization; and

- o Attestation that the facility is certified and the member resided in a certified part of the facility. (The M+C organization does not have to provide the certification number, but should assure the certification documentation to support this attestation is available upon request.)

Retro Processing Contractor Review and Processing of the Institutional Status Request

The Retro-Processing Contractor will acknowledge receipt of the request for retroactive adjustments within 10 days of receipt. The Retro-Processing Contractor will process requested adjustments within 45 days of receipt, or return it to the M+C organization including the reason that the adjustment was not processed.

The Retro-Processing Contractor will return the request without action, if the documentation is not complete.

The Retro-Processing Contractor will return the request without action if none of the dates of institutional residence are within the 36 months prior to the request.

The Retro-Processing Contractor will return the request without action if the total days of temporary absence were 15 days or more, during the period for which institutional status is requested.

The Retro-Processing Contractor will return the request without action if the beneficiary was not a member of the plan for the period the institutional payment rate is requested.

If the institutional period requested in the adjustment request reflects the institutional period already in McCoy, it will be returned to the M+C organization without action.

The Retro-Processing Contractor will validate the requested change and enter the period that the M+C organization will receive the institutional capitation rate for that beneficiary into McCoy. Note that the M+C organization does not receive the increased capitation rate for the qualifying period, and that the start date should always be the first day of the month following the month during which the qualifying period ended.

Adjustments to the payment will be made during the 45 days following receipt of the requested adjustment. Payment will be processed in accordance with the normal GHP cut-off cycles.

The following are examples of common situations that are likely to be encountered.

EXAMPLE 6

Institutionalized on January 7, hospitalized on February 14-27.

Discharged from the institution on May 13.

The qualifying period: January 30 - February 28 institutional stay (Temporary absence was less than 15 days)

Institutional Payment allowed: March 1 - March 31

Qualifying Period: March 1 to March 30

Institutional payment allowed: April 1 - April 30

Qualifying Period: April 1 to April 30

Institutional Payment allowed: May 1 - May 31

The payment for the entire period is entered in McCoy as “Start 3/01/YYYY and End 05/31/YYYY.”

EXAMPLE 7

Institutionalized on June 6. Died on November 13.

The qualifying period: July 1- July 31

Institutional payment allowed: August 1 - August 31

The qualifying period: August 1 - August 31

Institutional payment allowed: September 1 - September 30

The qualifying period: September 1 - September 30

Institutional payment allowed: October 1 - October 31

The qualifying period: October 1 - October 31

Institutional payment allowed: November 1 - November 30

The payment for the entire period is entered in McCoy as “Start 08/01/YYYY and End 11/30/YYYY”

Although the member died the middle of the month, the M+C organization would not receive the institutional rate due to death. The member was not enrolled in the M+C organization the first day of December.