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# CMS Manual System

## Pub. 100-20 One-Time Notification

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

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Transmittal 111

Date: August 27, 2004

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CHANGE REQUEST 3450

**SUBJECT: Creation of CWF Auxiliary File and Associated Logic to Properly Calculate Medicare-Equivalent Deductibles for VA Claims**

**I. SUMMARY OF CHANGES:** This change request will result in the creation of a new auxiliary file within CWF dedicated to providing a claims history for VA Part B equivalent claims in conjunction with the VA Medicare-equivalent Remittance Advice Project. The auxiliary file will contain the information about VA claims necessary to show Medicare-equivalent Part B deductibles satisfied by the VA claims for the purposes of this project. Logic will be programmed to read this auxiliary file and use it in conjunction with true Medicare Part B deductible information maintained by CWF to calculate a Part B deductible based on both Medicare and VA claims. National Claims History shall not be updated with the VA deductible information, and these changes shall have no effect on Medicare claims. Nor will these changes affect current CWF processing of VA Part A equivalent claims and their associated deductibles. CWF will send the Part B deductible information to the associated contractors for the VA project. These changes will affect claims with dates of service of January 1, 2004, and after and will use deductible amounts for calendar years 2004 and after.

**NEW/REVISED MATERIAL - EFFECTIVE DATE\*: January 1, 2005 (Dates of service are January 1, 2004 and after)**

**IMPLEMENTATION DATE: January 3, 2005**

**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/SUBSECTION/TITLE
N/A	

**III. FUNDING: Medicare contractors shall implement these instructions within their current operating budgets.**

**IV. ATTACHMENTS:**

	<b>Business Requirements</b>
	<b>Manual Instruction</b>
	<b>Confidential Requirements</b>
<b>X</b>	<b>One-Time Notification</b>
	<b>Recurring Update Notification</b>

**\*Unless otherwise specified, the effective date is the date of service.**

# Attachment – One-Time Notification

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**SUBJECT: Creation of CWF Auxiliary File and Associated Logic to Properly Calculate Medicare-Equivalent Deductibles for VA Claims**

## I. GENERAL INFORMATION

**A. Background:** Current law permits the Department of Veterans Affairs (VA) to collect appropriate Medicare coinsurance and deductible amounts from supplemental insurers for claims for supplies and services ordinarily covered by Medicare but furnished:

1. At VA facilities; and
2. For veterans eligible to receive both VA health and Medicare benefits and also having Medicare supplemental insurance.

To facilitate this process, CMS entered into an interagency agreement with the VA whereby CMS will help the VA work with a CMS contractor to adjudicate these claims to produce a remittance advice equivalent to that ordinarily produced for Medicare claims. The remittance advice, sent to the supplemental insurers, will help the insurers determine payment amounts they owe to the VA. CMS will not pay these claims. Trailblazers was the contractor selected to perform the work.

Part of this process involves the calculation of the deductible applicable to the Medicare-equivalent VA claims. CWF calculates the deductible based on true Medicare claims, i.e., for Medicare services rendered by Medicare providers to Medicare beneficiaries, and sends this information back to the contractors for this project. MCS and FISS further adjust the deductible information received from CWF with the deductible amounts that apply to the Medicare-equivalent VA claims. This arrangement results in an accurate calculation of the deductible for VA's equivalent of Part A claims. However, because the MCS and FISS calculations are separate, they cannot consider each other's Part B claims. Currently, if a veteran-beneficiary receives both outpatient hospital services and professional services, billed respectively to a fiscal intermediary and a carrier, the deductible calculated will be incorrect beyond the first claim adjudicated. This problem does not occur for Medicare claims, for which CWF calculates a deductible that considers Part B claims processed by both MCS and FISS.

This change request will result in CWF performing the calculations for the Part B deductible to factor in both the true Medicare claims and the VA Medicare-equivalent claims, so that CMS can fulfill its obligation to the VA to produce remittance advice notices that are equivalent to those of Medicare.

**B. Policy:** CMS is bound by its interagency agreement with the VA to produce Medicare-equivalent remittance advice notices for the VA's claims for services rendered in VA facilities to Medicare beneficiaries who are also eligible to receive veterans health benefits.

**C. Provider Education:** None.



**III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS**

**A. Other Instructions:**

<b>X-Ref Requirement #</b>	<b>Instructions</b>
3450.6	As required by the MRA project, the appropriate contractors shall produce the Medicare-equivalent Remittance Advice using the deductible information provided by CWF and all other information required for this project including other information generated by CWF.

**B. Design Considerations: N/A**

<b>X-Ref Requirement #</b>	<b>Recommendation for Medicare System Requirements</b>

**C. Interfaces: N/A**

**D. Contractor Financial Reporting /Workload Impact: N/A**

**E. Dependencies: N/A**

**F. Testing Considerations: N/A**

**IV. SCHEDULE, CONTACTS, AND FUNDING**

<p><b>Effective Date: January 1, 2005 (Dates of service are January 1, 2004 and after)</b></p> <p><b>Implementation Date: January 3, 2005</b></p> <p><b>Pre-Implementation Contact(s):</b> Claudette Sikora  <a href="mailto:csikora@cms.hhs.gov">csikora@cms.hhs.gov</a>; 410-786-5618</p> <p><b>Post-Implementation Contact(s):</b> Claudette Sikora  <a href="mailto:csikora@cms.hhs.gov">csikora@cms.hhs.gov</a>; 410-786-5618</p>	<p><b>Medicare contractors shall implement these instructions within their current operating budgets.</b></p>
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