
CMS Manual System

Pub. 100-20 One-Time Notification

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

Transmittal 70

Date: APRIL 9, 2004

CHANGE REQUEST 3166

I. SUMMARY OF CHANGES: This transmittal provides direction to FIs, concerning the posting of coinsurance and other amounts recorded on the PS&R reports for hospital providers that elected to accept reduced coinsurance (See Transmittal A-00-36 for historical purposes only.)

NEW/REVISED MATERIAL - EFFECTIVE DATE: May 1, 2004

***IMPLEMENTATION DATE: May 10, 2004**

Disclaimer for manual changes only: The revision date and transmittal number apply only to the red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will only receive the new/revised information, and not the entire table of contents.

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

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
N/A	

***III. FUNDING:**

These instructions shall be implemented within your current operating budget.

IV. ATTACHMENTS:

	Business Requirements
	Manual Instruction
	Confidential Requirements
X	One-Time Notification
	Recurring Update Notification

***Medicare contractors only**

Attachment - One-Time Notification

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SUBJECT: How Fiscal Intermediary's are to Record Coinsurance Amounts from The Provider Statistical and Reimbursement (PS&R) Report for Providers Who Elected to Accept Reduced Coinsurance for Outpatient Prospective Payment System (OPPS) Services

I. GENERAL INFORMATION

A. Background:

Effective with the implementation of OPPS for services occurring on or after August 1, 2000, providers were allowed the option to elect to receive reduced coinsurance for all or some OPPS services in accordance with Transmittal A-00-36 for historical purposes only. It is important that the PS&R system report both the full coinsurance amount and the reduced coinsurance election amount. The full coinsurance (wage adjusted) amount is needed for cost report settlement purposes. The reduced coinsurance election amount is needed for informational purposes (primarily as an audit tool to prevent providers from claiming bad debts for the full coinsurance amounts in cases where they have elected to receive the reduced coinsurance election amount). The OPPS pricer tracked both the full coinsurance amount and the reduced coinsurance election amount. The full coinsurance amount was correctly used to calculate OPPS ambulatory payment class (APC) payment amounts. However, because the Fiscal Intermediary Standard System (FISS) paid claim record did not contain both the full and reduced coinsurance amounts the full coinsurance amount was not always reported in the coinsurance field on the PS&R.

For OPPS claims processed before April 1, 2003, the PS&R was reporting the full coinsurance amount in the "other" field rather than the "coinsurance" field for APC's, where providers elected reduced coinsurance amounts. Where providers did not elect the reduced coinsurance for qualifying APC's the PS&R is correctly reporting the full coinsurance amount in the "coinsurance" field on the PS&R report. The reduced coinsurance amount was correctly reported under the Informational Only section, in the "elected coinsurance" field, for these claims. As a result the full coinsurance (wage adjusted) amount may be understated for cost report settlements containing OPPS claims that were processed before April 1, 2003 for providers that elected to receive reduced coinsurance. This would have occurred if the "other" field amount were not combined with the "coinsurance" field amount in the settlement computation.

The FISS system has been modified and claims processed on or after April 1, 2003 are being captured and reported correctly on the PS&R reports. The PS&R reports impacted by the FISS change are listed below:

REPORT TYPE	REPORT NAME
12P	Inpatient Part B OPPS
13P	Outpatient OPPS
14P	Outpatient/Other OPPS

B. Policy:

The PS&R report is a critical part of the Medicare settlement process, and should accurately reflect payment data processed through the Medicare claims system. FIs should include all amounts in the “other” field and in the “coinsurance” field when settling cost reports containing OPPS claims that were processed before April 1, 2003. If FIs have settled Medicare cost reports for providers that elected to receive reduced coinsurance, the cost report settlements should be reviewed to determine if the amount in the “other” field was combined with amount in the “coinsurance” field on the PS&R for settlement purposes. Cost reports should be reopened if the impact of not including the correct coinsurance amount in the settlement of the cost report exceeds the FIs dollar threshold for cost report reopenings. Medicare cost reports that are reopened for issues unrelated to the reduced coinsurance issue shall be settled only on the issue for which the reopening was based and not based on the revised PS&R.

C. Provider Education: None.

“Shall” denotes a mandatory requirement
“Should” denotes an optional requirement

Requirement #	Requirements	Responsibility
3166.1	FIs shall review cost report settlements for hospitals that elected to receive reduced coinsurance to ensure that the amount in the “other” field on the PS&R reports was included in calculating the cost report settlements.	FIs
3166.2	For providers who elected to receive reduced coinsurance and whose cost reports have not been settled, the FI shall combine the amount in the “other” field on PS&R reports 12P, 13P and 14P with the amount in the “coinsurance” field for these reports. The total of these sums shall be included on Form CMS-2552-96, Worksheet E, Part B, and line 18.01.	FIs
3166.3	FIs shall document in the settlement workpapers that the “other” field and the “coinsurance” field were included the cost report settlement computation.	FIs

3166.4	Cost reports shall be reopened if the impact of not including the correct coinsurance amount in the cost report exceeds the FIs dollar threshold for cost report reopenings.	FIs
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III. SUPPORTING INFORMATION & POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

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>Effective Date: May 1, 2004</p> <p>Implementation Date: May 10, 2004</p> <p>Pre-Implementation Contact(s): Edward Tregoe 410-786-6827</p> <p>Post-Implementation Contact(s): Edward Tregoe 410-786-6827</p>	<p>These instructions should be implemented within your current operating budget.</p>
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