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# CMS Manual System

## Pub. 100-05 Medicare Secondary Payer

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

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Transmittal 10

Date: FEBRUARY 13, 2004

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CHANGE REQUEST 2955

**I. SUMMARY OF CHANGES:** Update the Part B Shared Systems to Send the Appropriate Medicare Fee Schedule Amounts to the Medicare Secondary Payer Payment (MSPPAY) Software for Psychiatric MSP Claims.

**NEW/REVISED MATERIAL - EFFECTIVE DATE: July 1, 2004**

**\*IMPLEMENTATION DATE: July 6, 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:

(R = REVISED, N = NEW, D = DELETED)

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

### \*III. FUNDING:

These instructions should be implemented within your current operating budget.

### IV. ATTACHMENTS:

	Business Requirements
	Manual Instruction
	Confidential Requirements
X	One-Time Notification

\*Medicare contractors only

# Attachment-One-Time Notification

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**SUBJECT: Update the Part B Shared Systems to Send the Appropriate Medicare Fee Schedule Amounts to the Medicare Secondary Payer Payment (MSPPAY) Software for Psychiatric MSP Claims**

## I. GENERAL INFORMATION

### A. Background:

The Part B deductible for non-inpatient psychiatric services is credited on the basis of 62.5% of the Medicare fee schedule amount for psychiatric claims. This is because incurred expenses for non-inpatient psychiatric services are limited to 62.5% of the Medicare fee schedule amount. Both the reduced Medicare fee schedule amount and the full Medicare fee schedule amount are used to calculate Medicare's secondary payment for psychiatric MSP claims. Currently, the Part B shared systems are sending the reduced psychiatric charges to both the Medicare Reasonable Charge and the Psychiatric Charge fields in MSPPAY and does not send the 100% Medicare Fee Schedule amount. MSPPAY must bring the 62.5% reduction up to what it assumes is the 100% reasonable charge amount using a payment calculation. However, the calculated amount is not always the true Medicare fee schedule amount. When the calculated amount is sent to the shared system, it does not equal the true Medicare fee schedule amount. This causes the Remittance Advice (RA) to be out of balance. The Health Insurance Portability and Accountability Act require that the RA notice sent to physicians and suppliers must balance. The Shared systems must be updated to send the Medicare Fee Schedule amount to the Medicare Reasonable Charge field in MSPPAY.

### B. Policy:

MSPPAY must calculate Medicare's secondary payment in accordance to 42 CFR 411.33 and Medicare Carrier Manual section 3328.22B regarding psychiatric MSP claims. MSPPAY will be updated to: 1) eliminate the calculation used to bring the reduced psychiatric charge sent in the Medicare reasonable charge field up to the 100% Medicare reasonable charge amount; and, 2) accept Medicare's reasonable charge amount in the Medicare reasonable charge field for psychiatric claims.

**C. Provider Education:** None.

## II. BUSINESS REQUIREMENTS

Requirement #	Requirements	Responsibility
2955.1	The Part B Shared Systems shall be updated to send the 100% Medicare Reasonable Charge Amount to the Medicare Reasonable Amount field in MSPPAY.	VMS MCS

2955.1.1	The Shared Systems shall not send the reduced psychiatric charges to the Medicare Reasonable Charge field of MSPPAY.	VMS MCS
2955.1.2	The Part B Shared Systems shall continue to send the reduced psychiatric amount in the Psychiatric Charge Field found in MSPPAY.	VMS MCS

### 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><b>Effective Date: July 1, 2004</b></p> <p><b>Implementation Date: July 6, 2004</b></p> <p><b>Pre-Implementation Contact(s): Richard Mazur at <a href="mailto:RMazur@cms.hhs.gov">RMazur@cms.hhs.gov</a></b></p> <p><b>Post-Implementation Contact(s): Richard Mazur at <a href="mailto:RMazur@cms.hhs.gov">RMazur@cms.hhs.gov</a></b></p>	<p><b>These instructions should be implemented within your current operating budget.</b></p>
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