CMS Manual System

Pub. 100-04 Medicare Claims Processing

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

Transmittal 250 **Date: JULY 23, 2004**

CHANGE REQUEST 3404

I. SUMMARY OF CHANGES: Through this issuance of Transmittals 138 and 158, Medicare contractors received a copy of the Coordination of Benefits Agreement Insurance File (COIF), which contains the claims selection options for each identified COBA trading partner. Since the issuance of these instructions, CMS has determined that the Common Working File (CWF) system maintainer does not have all the data elements it needs to exclude certain claim types.

Through this instruction, the carrier and DMERC shared systems shall be required to populate the HUBC and HUDC queries to the CWF with the data elements required by CWF to exclude certain claim types. CWF shall accept the new HUBC and HUDC indicators and use them as part of its claims selection criteria routine.

CMS is updating the indicated manual sections and chapters with this new requirement.

NEW/REVISED MATERIAL - EFFECTIVE DATE: January 1, 2005
***IMPLEMENTATION DATE:** January 3, 2005

Disclaimer: The revision date and transmittal number apply only to 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. SCHEDULE OF CHANGES
(R = REVISED, N = NEW, D = DELETED)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	27/80/14/ Consolidated Claims Crossover Process
R	28/70/6/ Consolidation of the Claims Crossover Process

III. FUNDING: *Medicare contractors only:

These instructions should be implemented within your current operating budget.

IV. ATTACHMENTS:

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

Attachment - Business Requirements

Pub. 100-04	Transmittal: 250	Date: July 23, 2004	Change Request 3404

SUBJECT: Coordination of Benefits Agreement (COBA) Claims Selection Options

I. GENERAL INFORMATION

A. Background: Through the issuance of Transmittals 138 and 158, Medicare contractors received a copy of the COBA Insurance File (COIF), which contains the claims selection options for each identified COBA trading partner. Since the issuance of these instructions, CMS has determined that the Common Working File (CWF) system maintainer does not have all the data elements it needs to exclude certain claim types.

B. Policy: The carrier and Durable Medical Equipment Regional Carrier (DMERCs) shared systems shall populate the HUBC and HUDC queries to the Common Working File (CWF) with the data elements required by CWF to exclude certain claim types. CWF shall accept the new HUBC or HUDC indicators and use them as part of its claims selection exclusion routine.

C. Provider Education: None.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement
"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
						Shared System Maintainers				Other
		FI	RHHI	Carrier	DMERC	FISS	MCS	VMS	CWF	
3404.1 Ch. 27, Sec. 80.14 and Ch. 28, Sec. 70.6	Upon denying all lines on the claim, the contractor shared system shall include an indicator "L" in an available field on the HUBC and HUDC query to CWF if the beneficiary is liable for the denied service(s). The contractor shared system shall include an indicator "N" in an available field on the HUBC and HUDC query to CWF if the beneficiary is not liable for the denied service(s). Liability indicators (L or N) shall be at the claim or header level rather than at the line level.						X	X		

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
						Shared System Maintainers				Other
		FI	RHHI	Carrier	DMERC	FISS	MCS	VMS	CWF	
3404.1.1 Ch. 28, Sec. 70.6	For purposes of this instruction, the carrier and DMERC shared systems shall follow these business rules with regard to the liability indicators L or N: • The L or N indicators are **not** applied at the header/claim level if **any** service on the claim is payable by Medicare; • The "L" indicator is applied at the header/claim level if the beneficiary is liable for **any** of the denied services on a fully denied claim; and • The "N" indicator is applied at the header/claim level if the beneficiary is **not** liable for **all** of the denied services on a fully denied claim.						X	X		
3404.2 Ch. 27, Sec. 80.14 and Ch. 28, Sec. 70.6	Currently, the DMERC shared system is able to identify, through the use of an internal indicator, whether a submitted claim is in the National Council for Prescription Drug Programs (NCPDP) format. The DMERC shared system shall pass an indicator "P" to CWF in an available field on the HUDC query when a claim is received in the NCPDP format. The indicator "P" shall be included in a field on the HUDC query that is separate from the fields used to indicate whether a beneficiary is liable for all services denied on his/her claim.							X		
3404.3 Ch. 27, Sec. 80.14 and Ch. 28, Sec. 70.6	CWF shall read the new indicators passed via the HUBC or HUDC queries for purposes of excluding 100% denied claims with or without liability and NCPDP claims.								X	

III. SUPPORTING INFORMATION AND 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

Effective Date*: January 1, 2005 **Implementation Date:** January 3, 2005 **Pre-Implementation Contact(s):** Brian Pabst (410-786-2487) **Post-Implementation Contact(s):** Brian Pabst (410-786-2487)	**Medicare Contractors shall implement these instructions within their current operating budgets.**

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

80.14 - Consolidated Claims Crossover Process

(Rev. 250, Issued 07-23-04, Effective: January 1, 2005/Implementation: January 3, 2005)

A. The Mechanics of the CWF Claims Selection Process and BOI and Claim-based Reply Trailers

1. CWF Receipt and Processing of the Coordination of Benefits Agreement Insurance File (COIF)

Effective July 6, 2004, the COBC will begin to send copies of the Coordination of Benefits Agreement Insurance File (COIF) to the nine CWF host sites on a weekly basis. The COIF will contain specific information that will identify the COBA trading partner, including name, COBA ID, address, and tax identification number (TIN). It will also contain each trading partner's claims selection criteria exclusions (claim or bill types that the trading partner does not want to receive via the crossover process) along with an indicator (Y=Yes; N=No) regarding whether the trading partner wishes its name to be printed on the Medicare Summary Notice (MSN). During the COBA parallel production period, which is estimated to run from July 6, 2004, to October 1, 2004, CWF will exclusively return an "N" MSN indicator to the intermediary or carrier.

The CWF shall load the initial COIF submission from COBC as well as all future weekly updates.

Upon receipt of a claim, the CWF shall take the following actions:

a. Search for a COBA eligibility record on the BOI auxiliary record for each beneficiary and obtain the associated COBA ID(s) [NOTE: There may be multiple COBA IDs];

b. Refer to the COIF associated with each COBA ID (NOTE: CWF shall pull the COBA ID from the BOI auxiliary record) to obtain the COBA trading partner's name and claims selection criteria;

c. Apply the COBA trading partner's selection criteria; and

d. Transmit a BOI reply trailer 29 to the Medicare intermediary or carrier only if the claim is to be sent, via 837 COB flat file or National Council for Prescription Drug Programs (NCPDP) file, to the COBC to be crossed over. (See Pub.100-4, Chap. 28, §70.6 for more information about the claim file transmission process involving the Medicare intermediary or carrier and the COBC.)

Effective with the October 2004 systems release, CWF shall read the COIF submission to determine whether a Test/Production Indicator "T" (test mode) or "P" (production mode) is

present. CWF will then include the Test/Production Indicator on the BOI reply trailer 29 that is returned to the Medicare intermediary or carrier. (See additional details below.)

2. BOI Reply Trailer 29 Processes

For purposes of eligibility file-based crossover, if CWF selects a claim for crossover, it shall return a BOI reply trailer 29 to the Medicare intermediary or carrier. The returned BOI reply trailer 29 shall include, in addition to COBA ID(s), the COBA trading partner name(s), an "A" crossover indicator that specifies that the claim has been selected to be crossed over, the insurer effective and termination dates, and a 1-digit indicator ["Y"=Yes; "N"=No] that specifies whether the COBA trading partner's name should be printed on the beneficiary MSN. Effective with the October 2004 systems release, CWF shall also include a 1-digit Test/Production Indicator "T" (test mode) or "P" (production mode) on the BOI reply trailer 29 that is returned to the intermediary or carrier.

B. MSN Crossover Messages

As specified above, during the COBA parallel production period (July 6, 2004, to October 1, 2004), CWF will exclusively return an "N" MSN indicator via the BOI reply trailer, in accordance with the information received via the COIF submission. If an intermediary or carrier receives a "Y" MSN indicator during the parallel production period, it shall ignore it.

Beginning with the October 2004 systems release, when a contractor receives a BOI reply trailer 29 from CWF that contains a Test/Production Indicator "T" (test mode), it shall ignore the MSN Indicator provided on the trailer. Instead, the Medicare intermediary or carrier shall follow its existing procedures for inclusion of trading partner names on MSNs for those trading partners with whom it has existing Trading Partner Agreements (TPAs).

Beginning with the October 2004 systems release, when an intermediary or carrier receives a BOI reply trailer 29 from CWF that contains a Test/Production Indicator "P" (production mode), it shall read the MSN indicator (Y=Yes, print trading partner's name; N=Do not print trading partner's name) returned on the BOI reply trailer 29. (Refer to Pub.100-4, chapter 28, §70.6 for additional details.)

C. Electronic Remittance Advice (835)/Provider Remittance Advice Crossover Messages

Beginning with the October 2004 release, when contractors receive a BOI reply trailer (29) from CWF that contains a "T" Test/Production Indicator, they shall not print information received from the BOI reply trailer (29) in the required crossover fields on the 835 Electronic Remittance Advice or other provider remittance advice(s) that is/are in production. Contractors shall, however, populate the 835 ERA (or provider remittance advice(s) in production) with required crossover information when they have existing agreements with trading partners.

Beginning with the October 2004 release, when contractors receive a BOI reply trailer (29) from CWF that contains a "P" Test/Production Indicator, they shall use the returned BOI trailer information to take the following actions on the provider's 835 Electronic Remittance Advice:

1. Record code 19 in CLP-02 (Claim Status Code) in Loop 2100 (Claim Payment Information) of the 835 ERA (v. 4010-A1). [NOTE: Record "20" in CLP-02 (Claim Status Code) in Loop 2100 (Claim Payment Information) when Medicare is the secondary payer.]

2. Update the 2100 Loop (Crossover Carrier Name) on the 835 ERA as follows:

- NM101 [Entity Identifier Code]—Use "TT," as specified in the 835 Implementation Guide.

- NM102 [Entity Type Qualifier]—Use "2," as specified in the 835 Implementation Guide.

- NM103 [Name, Last or Organization Name]—Use the COBA trading partner's name that accompanies the first sorted COBA ID returned to you on the BOI reply trailer.

- NM108 [Identification Code Qualifier]—Use "PI" (Payer Identification.)

- NM109 [Identification Code]—Use the first COBA ID returned to you on the BOI reply trailer. (See line 24 of the BOI aux. file record.

If the 835 ERA is not in production and the contractor receives a "P" Test/Production Indicator, it shall use the information provided on the BOI reply trailer (29) to populate the existing provider remittance advices that it has in production.

When a beneficiary's claim is associated with more than one COBA ID (i.e., the beneficiary has more than one health insurer/benefit plan that has signed a national COBA), CWF shall sort the COBA IDs and trading partner names in the following order: 1) Eligibility-based Medigap, 2) Supplemental, 3) TRICARE, 4) Others, and 5) Eligibility-based Medicaid. When two or more COBA IDs fall in the same range (see item 24 in the BOI Auxiliary File table above), CWF shall sort numerically within the same range.

3. Claim-Based Medigap and Medicaid Crossover Processes Involving CWF

As with eligibility file-based crossover, the CWF shall load the initial COIF submission from the COBC as well as all future updates that pertain to claim-based Medigap insurers and State Medicaid Agencies.

For claim-based crossover, the CWF shall only search the Coordination of Benefits Agreement Insurance File (COIF) if the carrier or DMERC has included a claim-based

Medigap ID (55000—59999) or claim-based Medicaid ID (78000-79999) in field 36 of the HUBC or HUDC query. If claim-based COBA IDs are entered in field 36 of the HUBC or HUDC query, CWF shall:

a. Search the COIF to locate the claim-based Medicaid and/or Medigap COBA ID and corresponding COBA Trading Partner Name;

b. Apply the Medigap claim-based trading partner's claims selection criteria;

c. Return a Claim-based reply trailer 37 to the carrier or DMERC that includes values for claim-based COBA ID (sorted by Medigap, then Medicaid), COBA Trading Partner Name, and MSN Indicator when a claim-based COBA ID is found on the COIF and the claim is to be sent to the COBC to be crossed over;

d. Return an alert code 7704 on the "01" response via a Claim-based alert trailer 21 to the carrier or DMERC, as specified in Requirement 23 above, if a claim-based COBA ID in the Medigap claim-based range (55000-59999) is not located on the COIF; and

e. Return nothing to the carrier or DMERC if a Medicaid claim-based COBA ID (78000-79999) is not found on the COIF.

As established above, the CWF will only return a Claim-based reply trailer 37 if: 1) it locates a claim-based COBA ID on the COIF, and 2) the claim is to be sent to the COBC for crossover.

4. CWF Treatment of Non-assigned Medicaid Claims

If CWF receives a non-assigned Medicare claim for a beneficiary whose BOI auxiliary record contains a COBA ID with a current effective date in the Medicaid eligibility-based range (70000-77999), it shall reject the claim. The CWF shall return an edit to the carrier or DMERC that specifies that non-assigned Medicare claims cannot be sent to Medicaid. At the same time, CWF shall also return a Medicaid reply trailer 36 to the carrier or DMERC that contains the trading partner's COBA ID and beneficiary's effective and termination dates under Medicaid. If the carrier or DMERC determines that the non-assigned claim's service dates fall during a period when the beneficiary is eligible for Medicaid, it shall convert the assignment indicator from "non-assigned" to "assigned" and retransmit the claim to CWF. After the claim has been retransmitted, the CWF will only return a BOI reply trailer to the carrier or DMERC if the claim is to be sent to the COBC to be crossed over.

5. Additional Information Included on the HUBC and HUDC Queries to CWF

Effective with the January 2005 release, the carrier and DMERC shared systems will be required to include an indicator "L" (beneficiary is liable for the denied service[s]) or

"N" (beneficiary is not liable for the denied service[s]) in an available field on the HUBC and HUDC queries to CWF for claims on which all line items are denied. The liability indicators (L or N) will be at the header or claim level rather at the line level.

Currently, the DMERC shared system is able to identify, through the use of an internal indicator, whether a submitted claim is in the National Council for Prescription Drug Programs (NCPDP) format. The DMERC shared system shall pass an indicator "P" to CWF in an available field on the HUDC query when the claim is in the NCPDP format. The indicator "P" shall be included in a field on the HUDC query that is separate from the fields used to indicate whether a beneficiary is liable for all services denied on his/her claim.

CWF shall read the new indicators passed via the HUBC or HUDC queries for purposes of excluding 100% denied claims with or without beneficiary liability and NCPDP claims.

70.6 - Consolidation of the Claims Crossover Process

(Rev. 250, Issued 07-23-04, Effective: January 1, 2005/Implementation: January 3, 2005)

The CMS has decided to streamline the claims crossover process to better serve our customers. Beginning with July 6, 2004, and running through October 1, 2004, approximately eight COBA trading partners will participate in the beta-site testing of the consolidated claims crossover or Coordination of Benefits Agreement (COBA) process. During this time, the COBA beta-site testers will participate in a parallel production crossover process (a pilot for only COBA trading partners using production/live data). During the parallel production period, the eight COBA trading partners will receive consolidated crossover claims as part of the COBA process. In addition, if the eight COBA trading partners have individual Trading Partner Agreements (TPAs) executed with Medicare contractors, they will receive crossover claims based on the terms and conditions of those TPAs. The Coordination of Benefits Contractor (COBC) will not charge the COBA beta-testers for crossed over claims during the parallel production period. Intermediaries and carriers will, however, continue to charge these partners for claims that they continue to cross over to them during the beta-testing period.

Under the consolidated claims crossover process, trading partners will be transitioned from the current TPA process with intermediaries and carriers to new agreements called Coordination of Benefits Agreements (COBAs). These agreements, which will be negotiated on behalf of CMS by the COBC, will be entered into directly between CMS and the COBA trading partners. Through the COBA process, each COBA trading partner will send one national eligibility file that includes eligibility information for each Medicare beneficiary that it insures to the COBC. The COBC will transmit the beneficiary eligibility file(s) to the Common Working File (CWF) via a maintenance transaction. The transaction is known as the Beneficiary Other Insurance (BOI) auxiliary file. (See chapter 27, §80.14, of Publication 100-4, Medicare Claims Processing Manual, for more details about the contents of the BOI auxiliary file.)

The CWF is being modified so that it will apply each COBA trading partner's claims selection criteria against processed claims with service dates that fall between the effective and termination date of one or more BOI records.

Effective with the January 2005 release, the carrier and DMERC shared systems will be required to include an indicator "L" (beneficiary is liable for the denied service[s]) or "N" (beneficiary is not liable for the denied service[s]) in an available field on the HUBC and HUDC queries to CWF for claims on which all line items are denied. The liability indicators (L or N) will be at the header or claim level rather at the line level.

For purposes of applying the liability indicator L or N at the header/claim level and, in turn, including such indicators in the HUBC or HUDC query to CWF, the carrier and DMERC shared systems shall follow these business rules:

- *The L or N indicators are not applied at the header/claim level if any service on the claim is payable by Medicare;*

- *The "L" indicator is applied at the header/claim level if the beneficiary is liable for any of the denied services on a fully denied claim; and*

- *The "N" indicator is applied at the header/claim level if the beneficiary is not liable for all of the denied services on a fully denied claim.*

Currently, the DMERC shared system is able to identify, through the use of an internal indicator, whether a submitted claim is in the National Council for Prescription Drug Programs (NCPDP) format. Effective with January 2005, the DMERC shared system shall pass an indicator "P" to CWF in an available field on the HUDC query when the claim is in the NCPDP format. The indicator "P" should be included in a field on the HUDC that is separate from the fields used to indicate whether a beneficiary is liable for all services that are completely denied on his/her claim.

CWF shall read the new indicators passed via the HUBC or HUDC queries for purposes of excluding 100% denied claims with or without beneficiary liability and NCPDP claims.
After applying the claims selection options, CWF will return a BOI reply trailer (29) to the intermediary or carrier only in those instances when the COBA trading partner expects to receive a Medicare processed claim from the COBC. Upon receipt of a BOI reply trailer (29) that contains (a) COBA ID (s) and other crossover information required on the HIPAA 835 Electronic Remittance Advice (ERA), Intermediaries and Carriers will send processed claims via an 837 COB flat file or National Council for Prescription Drug Programs (NCPDP) file to the COBC. The COBC, in turn, will cross the claims to the COBA trading partner. The CWF is also being modified in preparation for future receipt of claim-based Medigap and/ or Medicaid COBA IDs in field 36 of the HUBC or HUDC query. For claim-based crossover, CWF will also be equipped to search the Coordination of Benefits Agreement Insurance File (COIF) to locate a matching COBA IDs; apply the Medigap claim-based trading partner's claims selection criteria; and return a Claim-based reply trailer 37 to the carrier or DMERC if a claim-based COBA ID has been located and the claim is to be sent to the COBC to be crossed over.
In addition, CMS shall arrange for the invoicing of COBA trading partners for crossover fees.
The effort to consolidate the claims crossover function will be implemented via a phased-in approach, beginning with a small-scale implementation on July 6, 2004, involving approximately eight COBA trading partners that will serve as beta-site testers. The transition of existing eligibility-file based trading partners to the COBA process should be completed by April 30, 2005.