Program Memorandum Intermediaries

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

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CHANGE REQUEST 2327

SUBJECT: New Electronic Remittance Advice Coding for Home Health Prospective Payment System (HH PPS) Adjustments

I - GENERAL INFORMATION

A - Background

The Medicare program seeks to make the explanation of HH PPS payments to home health agencies via the electronic remittance advice (ERA) as clear as possible. Program Memorandum AB-01-48, dated March 27, 2001, created remittance advice remark codes to identify the adjustment of HH PPS payment group codes which did not meet the required therapy threshold (code N69) or which were adjusted due to medical review (code N72).

Similarly, information on the ERA discretely identifies HH PPS outlier payments (by the reporting of adjustment reason code 70), significant changes in condition adjustments (by reporting multiple service information segments (SVC segments) containing revenue code 0023) and low utilization payment adjustments (by reporting payments in SVC segments containing home health visit revenue codes). However, no identifier on the ERA currently indicates the application of a HH PPS partial episode payment (PEP) adjustment.

The instructions that follow direct Medicare systems to apply two codes to the ERA to indicate a PEP adjustment is being reported. One code is an existing claim adjustment reason code (B20), and the other is a newly created remark code (N120) specifying a PEP adjustment applies. The codes are defined as follows:

B20 -- Payment adjusted because procedure/service was partially or fully furnished by another provider; and

N120 -- Payment is subject to home health prospective payment system partial episode payment adjustment. Beneficiary transferred or was discharged/readmitted during payment episode.

No changes to the standard paper remittance advice are required by these instructions.

B - Policy

HH PPS partial episode payment adjustments are described in the Medicare Home Health Agency Manual at §§201.8 and 467.28.

II - BUSINESS REQUIREMENTS

Req. #	Requirements	Resp.
2327.1	The system must apply reason code B20 and remark code N120 to electronic remittance advices for all provider submitted claims identified as PEPs.	SS
2327.1.1	The system must apply reason code B20 and remark code N120 on the ERA at the line level associated with all lines with revenue code 0023.	SS
2327.2	The system must apply reason code B20 and remark code N120 to remittance advices for all claims systematically adjusted to be PEPs.	SS
2327.2.1	The system must apply reason code B20 and remark code N120 on the ERA at the line level associated with all lines with revenue code 0023.	SS
2327.3	The system must apply the changes described in requirements 2327.1 and 2327.2 to all standard system supported versions of the ERA and the HIPAA version of the ERA.	SS
2327.4	The system must display the reason and remark codes at the line level on on-line claims.	SS
2327.5	The system must update on-line look-up screens for remark codes to include the definition of code N120.	RHHIs

III - Supporting Information and Possible Design Considerations

A – Other Instructions

X-Ref Req. #	Instructions
2327.1 & 2	RHHIs must educate providers via bulletins, Web sites and regularly scheduled training seminars regarding the meaning of the new remittance advice coding.
2327.1 & 2	RHHIs shall use the advent of the new remittance advice coding to underscore for providers the advantages of conversion to the ERA format.

B – Design Considerations

X-Ref Req. #	Recommendation for Medicare System Requirements
2327.1 & 2	Determine PEP adjusted claims by the presence of patient status 06. The alternative indicator, the Pricer return code, requires reading for two values (09, PEP and 11, PEP with outlier) to identify the condition.

C - Interfaces N/A

D - Contractor Financial Reporting /Workload Impact

The implementation of these instructions may decrease provider payment inquiries to some extent.

E - Dependencies N/A

F - Testing Considerations

Provider submitted PEP claims can be tested within the standard systems alone, but testing of the unsolicited response process to automatically create PEP adjustments may require coordination with CWF hosts to initiate test unsolicited response files.

IV - Attachment(s) N/A

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