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# Program Memorandum Intermediaries/Carriers

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

Transmittal AB-02-184

Date: JANUARY 3, 2003

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## CHANGE REQUEST 2305

**SUBJECT: Provider Notification of Denials Based on Local Medical Review Policy (LMRP)**

On November 1, 2002, Change Request 2081, Transmittal AB-02-155 was issued requiring you to give notice to beneficiaries when claims are denied in part or in whole based on application of an LMRP under circumstances detailed in the transmittal. The purpose of this Program Memorandum (PM) is to require you, beginning April 1, 2003, to give similar notice to Medicare providers. Providers must know why their claims are denied, so they can decide whether to appeal those claim denials and so they will know how to avoid such denials, if desired, in the future. We have created a new Remittance Advice (RA) remark code to be used in conjunction with existing messages to accomplish this (see below). Beginning April 1, 2003, all newly established LMRP edits must contain the new RA remark code (if applicable) in addition to the current applicable message(s). By October 1, 2003, every LMRP edit must contain the new RA remark code (if applicable) in addition to the current applicable message(s).

### New RA Remark Code

N115 - This decision was based on a local medical review policy (LMRP). An LMRP provides a guide to assist in determining whether a particular item or service is covered. A copy of this policy is available at [www.LMRP.net](http://www.LMRP.net), or if you do not have Web access, you may contact the contractor to request a copy of the LMRP.

### MR Activities

When following the "Setting Up the Edits" requirements in CR 2081, reconfigure your edits so that the above code is used in every instance of a prepayment full or partial denial where an LMRP was used in reviewing the claim. For claims reviewed on a postpayment basis, use the above message if sending the provider a new RA. If sending a letter, inform the provider that an LMRP was used in reviewing the claim.

### Customer Service Activities

Customer Service Representatives (CSRs) must answer questions about LMRP. If scripts or guidelines are required, Local Provider Education and Training (LPET) staff may develop them with input from the Medical Review (MR) Unit or other units as needed. In situations where the contractor LPET staff has developed a scripted response document and the provider continues to have questions that the CSR cannot respond to, the CSR may refer the caller to the CMD or FAQ Web site in order to have their question fully addressed (as directed by the 2003 LPET Budget and Performance Requirements, Activity code 24115).

Before you begin issuing the new RA remark message for edits, ensure that your Customer Service staff are able to respond to the provider by informing him or her of the particular LMRP that was used in reviewing the claim.

If the caller requests a copy of the LMRP, the CSR must assist the caller in obtaining it. For example, if the caller has Internet access, the CSR may give the caller the URL where the LMRP is located on the Web site. Or, if the caller does not have Internet access, the CSR must see that a copy of the LMRP is mailed to the caller's address.

**CMS-Pub. 60AB**

**The effective date of this Program Memorandum (PM) is April 1, 2003.**

**The implementation date of this PM for all contractors is April 1, 2003 for all newly established LMRP edits to contain the new RA remark message (if applicable). By October 1, 2003, every contractor LMRP edit must contain the new RA remark message (if applicable). Exception: Contractors using the HPBSS system are granted a waiver until 6 months after the date of their transition to MCS.**

**These instructions should be implemented within your current operating budget. The MR portion of this PM should be budgeted for as a part of your medical review (MR) strategy.**

**This PM may be discarded after April 1, 2004.**

**If you have any questions on issues related to customer service, contact Judy Hunt at (410) 786-7874. For issues related to medical review, contact Melanie Combs at (410) 786-7683.**