Medicare
Intermediary Manual
Part 3 - Claims Process

Department of Health and Human Services (DHHS)
HEALTH CARE FINANCING ADMINISTRATION (HCFA)

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HEADER SECTION NUMBERS	PAGES TO INSERT	PAGES TO DELETE
Table of Contents - Overall	iii (1 p.)	iii (1 p.)
Table of Contents - Chapter V	4-3 - 4-4 (2 pp.)	4-3 - 4-4 (2 pp.)
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Table of Contents - Chapter X	---	10-1 - 10-2.3 (6 pp.)
3900 - 3900	10-3 (1 p.)	10-3 - 10-583 (338 pp.)
	---	and 585 - 592 (8 pp.)

NEW/REVISED MATERIAL--EFFECTIVE DATE: N/A
IMPLEMENTATION DATE: N/A

Section 3430, Limitation of Liability for Provider Claims Under Parts A and B of Medicare Program, has been **deleted** and moved to the Program Integrity Manual to avoid duplication.

Sections 3900 - 3993, Medical Review (MR) for Coverage of Skilled Nursing Facility (SNF) Services, have been **deleted** and moved to the Program Integrity Manual to avoid duplication.

The Program Integrity Manual can be found at the following Internet address: **www.hcfa.gov/pubforms/83_pim/pimtoc.htm**.

These instructions should be implemented within your current operating budget.

DISCLAIMER: The revision date and transmittal number only apply to the redlined material. All other material was previously published in the manual and is only being reprinted.

CHAPTER V
SPECIAL PROVISIONS RELATED TO PAYMENT

Limitation on Liability of Beneficiary and Provider
Where Medicare Claims Are Disallowed

3430. LIMITATION OF LIABILITY FOR PROVIDER CLAIMS UNDER PARTS A AND B OF MEDICARE PROGRAM

* This section has been deleted and moved to the Program Integrity Manual (PIM) which can be found at
* the following Internet address: www.hcfa.gov/pubforms/83_pim/pimtoc.htm.
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3431. APPLICABILITY OF LIMITATION ON LIABILITY TO ITEMS OR SERVICES FURNISHED BY PROVIDERS OF SERVICES PAYABLE UNDER PART A

The claims payment and beneficiary indemnification provisions (see §§1879(a) and (b) of the Act) of the limitation on liability provision are applicable only to claims denied on the basis of §§1862(a)(1), 1862(a)(9), 1879(e), or 1879(g) of the Act, which, under current law, include the following:

- Services and items found to be not reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member (see §1862(a)(1)(A) of the Act and §3151);

o Pneumococcal vaccine and its administration, influenza vaccine and its administration, and hepatitis B vaccine and its administration, furnished to an individual at high or intermediate risk of contracting hepatitis B, that are not reasonable and necessary for the prevention of illness (see §1862(a)(1)(B) of the Act);

o Services and items which, in the case of hospice care, are not reasonable and necessary for the palliation or management of terminal illness (see §1862(a)(1)(C) of the Act);

o Clinical care services and items furnished with the concurrence of the Secretary and, with respect to research and experimentation conducted by, or under contract with, the Prospective Payment Assessment Commission or the Secretary, that are not reasonable and necessary to carry out the purposes of §1886(e)(6) of the Act (which concerns identification of medically appropriate patterns of health resources use) (see §1862(a)(1)(D) of the Act);

o Services and items that, in the case of research conducted pursuant to §1142 of the Act, are not reasonable and necessary to carry out the purposes of that section (which concerns research on outcomes of health care services and procedures) (see §1862(a)(1)(E) of the Act);

o Screening mammography that is performed more frequently than is covered under §1834(c)(2) of the Act or that is not conducted by a facility described in §1834(c)(1)(B) of the Act and screening pap smears performed more frequently than is provided for under §1861(nn) of the Act (see §1862(a)(1)(F) of the Act);

o Items or services that constitute custodial care (see §1862(a)(9) of the Act and §3159), i.e., are not a covered level of care;

o Inpatient hospital services or extended care services if payment is denied solely because of an unintentional, inadvertent, or erroneous action that resulted in the beneficiary's transfer from a certified bed (one that does not meet the requirements of §1861(e) or §1861(j) of the Act) in a skilled nursing facility (SNF) or hospital (see §1879(e) of the Act); and

o Home health services determined to be noncovered because the beneficiary was not "homebound" or did not require "intermittent" skilled nursing care (as required by §§1814(a)(2)(C) and 1835(a)(2)(A) of the Act), furnished on or after July 1, 1987. (See §1879(g) of the Act.)

NOTE: The limitation on liability protection may also apply if a reduction in the level of payment occurs because the furnished services or items are at a level higher than was reasonable and necessary to meet the needs of the patient. This is because Medicare payment for the difference between reasonable and necessary services and items and those actually furnished is denied on the basis of §1862(a)(1)(A) of the Act as not reasonable and necessary. For example, where it is determined that the level of home care furnished by a hospice (such as continuous home care) was not reasonable and necessary under §1862(a)(1)(A) of the Act because the home care could have been given at a lower level (such as routine home care), Medicare payment under the limitation on liability provision may be made for the difference in reimbursement between the denied continuous home care and the approved routine home care if both the beneficiary and provider did not know, or could not reasonably have been expected to know, that payment would not be made for the higher level of care.

Limitation on liability applies to both the services which were denied directly for the reasons shown and the dependent services which may be denied as an indirect result of denials for the reasons listed. For example, where the services of a home health aide were denied because the beneficiary failed to meet the statutory requirement of needing skilled

3900. MEDICAL REVIEW (MR) FOR COVERAGE OF SKILLED NURSING FACILITY (SNF) SERVICES

* Sections 3900 - 3992 and all associated exhibits and appendices have been deleted and moved to the
* Program Integrity Manual (PIM) which can be found at the following Internet address:
* www.hcfa.gov/pubforms/83_pim/pimtoc.htm.
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