CMS Manual System

Pub. 100-04 Medicare Claims Processing

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

Transmittal 103 **Date: FEBRUARY 20, 2004**

CHANGE REQUEST 3114

I. SUMMARY OF CHANGES: This transmittal changes the requirement that each physician/professional practitioner must reassign their billing rights to the CAH that elected the optional method for payment.

NEW/REVISED MATERIAL - EFFECTIVE DATE: July 1, 2004
***IMPLEMENTATION DATE: July 1, 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
R	4/250.2/ Optional Method for Outpatient Services: Cost-Based Facility Services Plus 115 percent Fee Schedule Payment for Professional Services

***III. FUNDING:**

These instructions should be implemented within your current operating budget.

IV. ATTACHMENTS:

X	**Business Requirements**
X	**Manual Instruction**
	Confidential Requirements
	One-Time Notification

***Medicare contractors only**

Attachment - Business Requirements

Pub. 100-04	Transmittal: 103	Date: February 20, 2004	Change Request 3114

SUBJECT: **Optional Method for Outpatient Services: Cost-Based Facility Services Plus 115 percent Fee Schedule Payment for Professional Services**

I. GENERAL INFORMATION

A. Background: Based on the "Medicare Prescription Drug, Improvement, and Modernization Act of 2003" (MMA), all CAHs which elect the Optional Method for billing will not be required to have all physician/professional practitioners reassign their billing rights.

B. Policy: The MMA prohibits CMS from requiring all physician/professional providers in a CAH to reassign their billing rights to the CAH as a condition for electing the all-inclusive payment option (Method 2).

a. CAHs that made this election prior to November 1, 2003 are covered under this provision effective for dates beginning on or after July 1, 2001.

b. CAHs that made this election after November 1, 2003 are covered under this provision effective for dates of July 1, 2004 or after.

C. Provider Education: A provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/ shortly after the CR is released. You will receive notification of the article release via the established "medlearn matters" listserv. Contractors shall post this article to their Web site, and include it in a listserv message if applicable, within one week of the availability of the provider education article. In addition, the provider education article must be included in your next regularly scheduled bulletin.

If the contractors that have a listserv that targets affected providers, they shall use it to notify subscribers that information about CAHs electing the optional method is available on their Web site.

II. BUSINESS REQUIREMENTS

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

Requirement #	Requirements	Responsibility
3114.1	In the case of a CAH electing payment for services to outpatients under Method 2, CMS shall not require all physician/professional	FIs

	practitioners to assign billing rights to the respective CAH for the professional services rendered. This requirement is effective beginning on or after July 1, 2001; if the election was made before November 1, 2003.	
3114.2	In the case of a CAH electing payment for services to outpatients under Method 2, CMS shall not require all physician/professional practitioners to assign billing rights to the respective CAH for the professional services rendered. This requirement is effective for cost reporting periods beginning on or after July 1, 2004; if the election was made on or after November 1, 2003.	FIs

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: Cost Reporting Periods beginning on or after July 1, 2004 **Implementation Date: July 1, 2004** **Pre-Implementation Contact(s): Appropriate Regional Office** **Post-Implementation Contact(s): Appropriate Regional Office**	**These instructions should be implemented within your current operating budget.**

250.2 - Optional Method for Outpatient Services: Cost-Based Facility Services Plus 115 percent Fee Schedule Payment for Professional Services

(Rev 103, 02-20-04)

R1870.A.3, A3-3610.22

The BIPA legislation on payment for professional services at 115 percent of what would otherwise be paid under the fee schedule is effective for services furnished on or after July 1, 2001. A CAH may elect to be paid for outpatient services in any cost reporting period under this method by filing a written election with the intermediary at least 30 days before start of the Cost Reporting period to which the election applies. An election of this payment method, once made for a cost reporting period, remains in effect for all of that period for the CAH.

However, the Medicare Prescription Drugs, Improvement, and Modernization Act (MMA) of 2003, changes the requirement that each practitioner rending a service at a CAH that has elected the optional method, reassign their billing rights to that CAH. This provision allows each practitioner to choose whether to reassign billing rights to the CAH or file claims for professional services through their carrier. The method chosen will remain in affect for that entire cost reporting period.

The CAH must have a copy of the 855I, which the individual practitioner must certify, from each practitioner who wishes to reassign his or her billing rights. The CAH must also have the practitioner sign an "attestation" that clearly states that the practitioner will not bill the carrier for any services rendered at the CAH once the reassignment has been given to the CAH.

For CAHs that elected the optional method before November 1, 2003, the provision is effective beginning on or after July 1, 2001. For CAHs electing the optional method on or after November 1, 2003, the provision is effective for cost reporting periods beginning on or after July 1, 2004. Under this election, a CAH will receive payment for professional services furnished in that CAH's outpatient department, from their intermediary. Professional services are those furnished by all licensed professionals who otherwise would be entitled to bill the carrier under Part B.

Payment to the CAH for each outpatient visit (reassigned billing) will be the sum of the following:

- For facility services, not including physician or other practitioner, payment will be based on 101 percent of the reasonable costs of the services. On the Form CMS-1450, (or electronic equivalent) list the facility service(s) rendered to outpatients along with the appropriate revenue code. Pay the amount equal to the lesser of 80 percent of 101 percent of the reasonable costs of its outpatient

services, or the 101 percent of the outpatient services less applicable Part B deductible and coinsurance amounts, plus

- On a separate line, list the professional services, along with the appropriate HCPCS code (physician or other practitioner) and in one of the following revenue codes - 096X, 097X, or 098X..

    - Use the Medicare Physician Fee Schedule (MPFS) supplementary file, established for use by the CORF, and the CORF Abstract File, to pay for all the physician/professional services rendered in a CAH that elected the all-inclusive method. The FI will pay 115 percent of whatever Medicare would pay of the physician fee schedule. (The fee schedule amount, after applicable deductions, will be multiplied by 1.15 percent.) Payment for nonphysician practitioners will be 115 percent of 85 percent of the allowable amount under the physician fee schedule; and

    - Outpatient services, including ASC type services, rendered in an all-inclusive rate provider method should be billed using the 85X type of bill. Referenced diagnostic services (non-patients) are billed on bill type 14X.