
Program Memorandum

Carriers

Department of Health and
Human Services (DHHS)

HEALTH CARE FINANCING
ADMINISTRATION (HCFA)

Transmittal B-00-05

Date: JANUARY 2000

CHANGE REQUEST 1058

SUBJECT: Adjustment to Remittance Advice (RA), Explanation of Medicare Benefits (EOMB) and Medicare Summary Notice (MSN) Messages Generated by Carriers for Services Subject to the Facility/Non-Facility Payment Differential on the Medicare Physician Fee Schedule Database (MPFSDB)

We have been informed that when the site of service field on the MPFSDB was redefined in 1999 as the facility/non-facility fields, carriers continued to generate the same messages as they had for the site of service fields. These messages were no longer appropriate as the fields were defined for 1999 and continue to be defined for 2000.

The decision to reimburse at the facility or non-facility rate is based on the place of service that is entered on the Form HCFA-1500. Non-facility rates include a practice amount expense that is not included in the facility rates. In addition, for the year 2000, the MPFSDB will always have a 1 in field 27, and the facility payment that is calculated in field 29 can never be higher than the non-facility amount that is calculated in field 28. The payment will be capped at the non-facility amount causing fields 28 and 29 to be equal under those circumstances.

Effective for claims with dates of service on or after July 1, 2000, no related EOMB or MSN messages should be generated under any circumstances as they will only serve to confuse the beneficiary. This is a payment differential for the provider. Carriers should adjust their systems to generate RA messages under the following prescribed circumstances:

1. Based on place of service, it is determined that the claims should be reimbursed at the facility amount from field 29. Compare the facility amount in field 29 to the non-facility amount in field 28. If field 28 (non-facility) is greater than field 29 (facility), then the non-facility amount that is calculated is greater than the facility amount that will be reimbursed.

Use the following RA message: B6 - This service/procedure is denied/reduced when performed/billed by this type of provider, by this type of provider in this type of facility, or by a provider of this specialty.

2. Based on place of service, it is determined that the claims should be reimbursed at the facility amount from field 29. Compare the facility amount in field 29 to the non-facility amount in field 28. If field 28 (non-facility) equals field 29 (facility), then the non-facility amount that is calculated is equal to the facility amount that will be reimbursed.

There is no differential. Do not generate an RA message.

3. Based on place of service, it is determined that the claims should be reimbursed at the non-facility amount from field 28. Compare the non-facility amount in field 28 to the facility amount in field 29. If field 28 (non-facility) is greater than field 29 (facility), then the non-facility amount that will be reimbursed is greater than the facility amount that is calculated.

The reimbursement is at the higher rate. Do not generate an RA message.

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4. Based on place of service, it is determined that the claims should be reimbursed at the non-facility amount from field 28. Compare the non-facility amount in field 28 to the facility amount in field 29. If field 28 (non-facility) equals field 29 (facility), then the non-facility amount that will be reimbursed is equal to the facility amount that is calculated.

There is no differential. Do not generate an RA message.

FOR ALL YEARS AFTER 2000, CARRIERS WILL BE RESPONSIBLE FOR ADJUSTING MESSAGES AS APPROPRIATE TO THE PAYMENT SITUATION BASED ON THE MPFSDB FILE LAYOUT.

The *effective date* for this Program Memorandum (PM) is July 1, 2000.

The *implementation date* for this PM is July 1, 2000.

These instructions should be implemented within your current operating budget.

This PM may be discarded after July 1, 2001.

If you have any questions, contact your local regional office.