
Program Memorandum

Intermediaries

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

Transmittal A-02-066

Date: JULY 24, 2002

CHANGE REQUEST 2109

SUBJECT: Department of Veterans Affairs Claims Adjudication Services Project: Systems Changes Needed

Background

The Department of Veterans Affairs (VA) is permitted, by law, to seek reimbursement from third party insurers for the cost of medical care furnished to insured non-service connected veterans with non-serviced connected disabilities. This law was expanded to give the VA authority to include recovery from third party payers for the cost of medical care provided to service-connected veterans treated for non-service connected conditions. Court ruling has determined that Medigap carriers are subject to these public laws.

To facilitate this process, CMS entered into an interagency agreement with the VA, whereby CMS will help the VA work with a CMS contractor to adjudicate these claims, to produce a remittance advice equivalent to that ordinarily produced for Medicare claims. The remittance advice, sent to the third party insurers, will help determine payment amounts owed to the VA. CMS will not pay these claims.

Trailblazer Health Enterprises is the contractor selected to perform the work.

Processing Requirements

The Fiscal Intermediary must be able to adjudicate VA claims for hospital outpatient services received by Medicare-eligible veterans in VA facilities. There would be no Medicare payment, but a Medicare-equivalent remittance advice (MRA) notice would be produced and submitted to third-party insurers for payment or coinsurance and deductibles, with the following message:

MA118 Coinsurance and/or deductibles amounts apply to a claim for service or supplies furnished to a Medicare-eligible veteran through a facility of the Department of Veterans affairs. No Medicare payment issued.

The VA will be using their inpatient provider numbers as the number for the hospital outpatient **claims – 670899 for acute care, and 674899 for psychiatric care**. The VA will use the following bill types: 11x, 12x, 13x, 14x, and 18x. The VA facilities are prepared to implement Outpatient Prospective Payment System.

CWF will edit to ensure that only claims having all three of the following conditions will be processed according to the special VA claims adjudication procedures of this project:

1. A demo number of 31 is present;
2. **Provider numbers** 670899 and 674899 - Form Locator 51A; and
3. **The contractor number = Trailblazers' contractor number** (00400).

The *effective date* for this Program Memorandum (PM) is January 1, 2003.

The *implementation date* for this PM is January 1, 2003.

These instructions should be implemented within your current operating budget.

This PM may be discarded after January 1, 2004.

If you have any questions, contact Doris Barham (410) 786-6146