
Program Memorandum Intermediaries/Carriers

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

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CHANGE REQUEST 2081

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

The purpose of this Program Memorandum (PM) is to require you, beginning January 1, 2003, to give notice to Medicare beneficiaries when claims are denied in part or in whole based on application of an LMRP. Beneficiaries should know why their claims are denied, so they may decide whether to appeal those claim denials. We have created a new Medicare Summary Notice (MSN) message to be used in conjunction with existing messages to accomplish this (see below). Beginning January 1, 2003, all denials that result from new LMRPs must provide the new MSN message (if applicable) in addition to the current applicable message. By October 1, 2003, denials based on all LMRPs must provide the new MSN message (if applicable) in addition to the current applicable message.

New MSN Message

15.19 - A local medical review policy (LMRP) was used when we made this decision. An LMRP provides a guide to assist in determining whether a particular item or service is covered by Medicare. A copy of this policy is available from your local intermediary or carrier by calling the number in the customer service information box on page one. You can compare the facts in your case to the guidelines set out in the LMRP to see whether additional information from your physician would change our decision.

For example, the message appearing on the MSN could read:

“The information provided does not support the need for this service or item. A local medical review policy (LMRP) was used when we made this decision. An LMRP provides a guide to assist in determining whether a particular item or service is covered by Medicare. A copy of this policy is available from your local intermediary or carrier by calling the number in the customer service information box on page one. You can compare the facts in your case to the guidelines set out in the LMRP to see whether additional information from your physician would change our decision.”

You should make these messages available in Spanish where appropriate. The new LMRP element of the MSN message would read:

“Una política médica local fue utilizada cuando se tomó esta decisión. Una política médica local provee una guía que ayuda a determinar si un artículo o servicio en particular está cubierto por Medicare. Una copia de esta política está disponible en su intermediario o su agencia de seguros Medicare local al llamar al número que aparece en la sección de Servicios al Cliente en la página uno. Usted puede comparar los datos de su caso con las reglas establecidas en la política médica local para ver si información adicional de su médico pudiera cambiar nuestra decisión.”

MR Activities

Setting Up the Edits--Reconfigure your edits so that the above message is used in every instance of a prepayment denial where an LMRP was used in reviewing the claim. Use this message on both full and partial denials, whether the denial was made following automated, routine, or complex review.

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Do not use this message on denials not involving LMRPs. For claims reviewed on a postpayment basis, use the above message if sending the beneficiary a new MSN. If sending a letter, include the language exactly as contained in the MSN message above.

Customer Service Activities

Customer Service Representatives (CSRs) must answer questions about LMRPs using existing scripts or guidelines. If new scripts or guidelines are required, call center staff should develop them with input from the Medical Review (MR) Unit or other units as needed. (All work performed by call center, MR and other staff in developing these scripts or guidelines should be charged to a call center Contractor Administrative Cost and Financial Management System (CAFMS) code).

Before you begin issuing the new MSN message for edits, ensure that your Customer Service staff are able to respond to the beneficiary by informing him or her of the particular LMRP that was used in reviewing the claim. We intend to develop a LMRP database in the future that could be one tool assisting the CSR to respond to the beneficiary.

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 could give the caller the URL where the LMRP is located on the web site. Eventually, the beneficiary will also have the ability to look up the appropriate LMRP based on procedure codes for Part B and some Part A claims on their own. Instructions to this effect will appear in future educational material. If the caller does not have Internet access, the CSR must mail a copy of the LMRP to the caller's address. In such cases, the CSR must mail out the LMRP within seven business days of receipt of the request. The CSR must also inform the beneficiary that should the LMRP not arrive within 2 weeks, the beneficiary should call back.

CSRs must use established processes to escalate the beneficiaries' issues or questions for further research. An appropriate party must call the beneficiary back.

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

The implementation date of this PM for all contractors is January 1, 2003 for all new LMRP edits you put in place to contain the new MSN message (if applicable). By October 1, 2003, all contractors LMRP edits must contain the new MSN 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 January 1, 2004.

If you have any questions on issues related to customer service, please contact Glenn Keidel at (410) 786-2133. For issues related to medical review please contact Dan Schwartz at (410) 786-4197.