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**Related CR Release Date:** January 2, 2004

**Related CR Transmittal #:** R370TN

**Effective Date:** Cost reporting periods ending on or after October 1, 2002

**Implementation Date:**

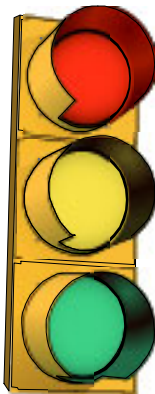
## ***One-time Instructions for Home Health Cost Reporting Processes to Accommodate Claims Processing Error***

### **Provider Types Affected**

Home Health Agencies who submit cost reports containing charges for supplies provided during the period October 2002 through June 2003.

**NOTE:** Home Health Agencies that submit claims to Associated Hospital Services of Maine should ignore this notice since that intermediary does not use the Fiscal Intermediary Shared System and was not affected by this problem.

### **Provider Action Needed**



#### **STOP**

The supply charges in certain of your home health prospective payment system (HH PPS) claims from October 1, 2002 through June 30, 2003 may not have been captured.

#### **CAUTION**

An error in the Fiscal Intermediary Shared System (FISS) may not have allowed claims submitted during this time period, which were subject to partial episode payment (PEP) adjustments or significant change in condition (SCIC) adjustments, to be processed if they contained service lines with supply charges.

#### **GO**

If you have not submitted adjustments relative to the supply charges from these claims, CMS would like you to include such supply charge data in the cost reports you supply for this time period. Regional Home Health Intermediaries (RHHI) audit and reimbursement staff have been instructed to allow these supply amounts in excess of Provider Statistical & Reimbursement (PS&R) data during this settlement process.

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## Background

Between October 1, 2002 and June 30, 2003, there was an error in FISS. This error did not allow the processing of HH PPS claims that were subject to partial episode payment (PEP) adjustments or significant change in condition (SCIC) adjustments, and which contained supply charges. To work around this error, either you or the Regional Home Health Intermediaries (RHHIs) needed to remove all supply charges from the affected claims.

At first, the RHHIs removed these charges from a claims backlog. Once the backlog was resolved, the RHHIs returned the claims to you to change. You had two ways to approach the problem. The first was to stop submitting supply charges on any HH PPS claims. This would ensure that none of your claims were returned, but also would omit charges from full episode and low utilization payment adjustment claims that would not otherwise be affected. The second alternative was for you to bill as usual and remove the supply charges only from those claims that the RHHI returned to you.

**Keep in mind that supply charges do not directly affect HH PPS claim payment**, but do feed into future rate-setting calculations. For this reason, CMS encouraged you to submit adjustments to restore the supply charges when the FISS error was corrected.

Currently, if you haven't already submitted adjustments, CMS suggests using your costs reports as an additional, alternative approach for recovering the supply charge data, in order to provide CMS with more complete HH PPS data. RHHIs (except for Associated Hospital Service of Maine, whose claims processing system did not have the error) will instruct you how to use additional information from your records to supplement supply data in your provider statistical and reimbursement (PS&R) system reports to account for the lost supply charges.

**Also, cost-reporting staff from these RHHIs will not adjust down supply charge data on HHA cost reports to match PS&R in order to ensure the additional supply data is not lost in the settlement process.**

## Important Dates to Know

This one-time instruction is effective for any cost reports submitted that reflect services provided from October 1, 2002 through June 30, 2003.

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