Program Memorandum
Intermediaries

Department of Health & Human Services (DHHS)

Centers for Medicare & Medicaid Services (CMS)

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CHANGE REQUEST 2053

SUBJECT: **Update the Medicare Secondary Payment Module (MSPPAY) to Apportion Prospective Payment System (PPS) Outlier Amounts to all Service Lines With Medicare Reimbursement That are PRICER Related and Potential Outlier Service Lines**

The purpose of this Program Memorandum (PM) is to alert FISS, APASS and fiscal intermediaries to changes being made to the MSPPAY module. Beginning with the July 2003 FISS and APASS release, do not send home health (HH) and outpatient (OP) PPS MSP claims to MSPPAY sub-module MSPPAYPS. Beginning with the July 2003 FISS and APASS release, send these claims to the modified sub-module MSPPAYOL [1]. Prior to this modification to MSPPAY, MSPPAYOL performed MSP calculations at the service line level and did not calculate claims involving a claim level outlier amount.

MSPPAYOL is being modified to: 1) accept OPPS and HHPPS MSP claims at the Ambulatory Payment Classification (APC), Home Health Resource Groups (HHRG) and line levels, and 2) apportion OPPS and HHPPS outlier amounts, when greater than zero, to all service lines that are PRICER-related and potential outlier service lines, that is, all service lines sent to the PRICER and returned with a reimbursement. When MSP claims are received, send the claim outlier amount received from the prospective payment PRICER systems to the MSPPAY software. The standard system must set an indicator of "O" for any APC or HHRG amount that includes a PRICER reimbursement. The indicator will enable MSPPAYOL to determine which service amounts the outlier should apply. MSPPAYOL will take into consideration the outlier amount, if available, and then apportion the outlier amount to the PRICER-related service lines before calculating Medicare's secondary payment. The subsequent service line level calculation will account for the apportioned outlier amount resulting in a single payment amount for each PRICER-related service line. MSPPAY will return the calculated MSP payment amounts to the standard system along with an informational field reporting the apportioned outlier used to calculate payment for that line item service or group of services. The modifications to MSPPAYOL will allow for the service lines on the provider Remittance Advice (RA) to balance, but the informational apportioned outlier amount will not be shown on the RA. The modifications will also result in the line level MSP payment amounts being correctly reported on the Provider Statistical & Reimbursement (PS&R) Report. Providers that request Medicare to adjust or reprocess HHPPS and OPPS MSP claims originally processed prior to July 1, 2003, must send these claims to MSPPAYOL.

Updating MSPPAYPS

We are making two modifications to MSPPAYPS as follows:

1) MSPPAYPS is currently returning provider and beneficiary reimbursement amounts at the claim level to the standard system. MSPPAYPS is being modified to return provider and beneficiary line level reimbursement amounts to the standard system.

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[1] Although MSPPAYPS will no longer be used to process OPPS and HHPPS MSP claims, CMS will retain the sub-module for circumstances where Medicare is required to process MSP claims under MSPPAYPS resulting from a court order, litigation or change to federal regulations. The standard system must add a field where an indicator can be set that tells the standard system to re-direct these types of claims to MSPPAYPS instead of the MSPPAYOL sub-module.

2) Currently, MSPPAY calculates Outpatient PPS and Home Health PPS MSP claims at the claim level. MSPPAYPS calculates and apportions the Medicare secondary payment to each line that has gross Medicare reimbursement based upon a ratio of each line's gross Medicare reimbursement to the total line's reimbursement. Although the claim level reimbursement amount is correct, the line level amounts do not always total to the claim level amount due to MSPPAYPS' rounding the service line amounts when apportioning. Some service line payment amounts are off by several cents, which causes the remittance advice to be out of balance. MSPPAY is being modified so that service line payment amounts total to the claim level amount.

The updated MSPPAY module will be sent to all Part A standard systems for testing and implementation.

All standard systems and intermediaries must test both the MSPPAYOL and MSPPAYPS sub-modules.

The *effective date* for this PM is July 1, 2003.

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

These instructions should be implemented within your current operating budget.

This PM may be discarded after July 1, 2004.

If you have any questions, contact Richard Mazur at (410) 786-1418.