
CMS Manual System

Pub. 100-20 One-Time Notification

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

Transmittal 37

Date: JANUARY 2, 2004

CHANGE REQUEST 2993

I. SUMMARY OF CHANGES: One time instructions for home health cost reporting processes to accommodate claims processing errors that prevented some supply charges from being reported on home health prospective payment system claims.

NEW/REVISED MATERIAL - EFFECTIVE DATE: Cost reporting periods
ending on or after October 1, 2002
***IMPLEMENTATION DATE:** February 2, 2004

Disclaimer: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged.

II. SCHEDULE OF CHANGES (R = REVISED, N = NEW, D = DELETED)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
N/A	

III. FUNDING: *Medicare contractors only:

These instructions should be implemented within your current operating budget.

IV. ATTACHMENTS:

	Business Requirements
	Manual Instruction
	Confidential Requirements
X	One-Time Notification

One-Time Notification

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I. GENERAL INFORMATION

A. Background:

During the period between October 1, 2002, and June 30, 2003, an error in the Fiscal Intermediary Shared System (FISS) did not allow certain home health prospective payment system (HH PPS) claims to process if the claims contained service lines reporting supply charges. The error affected HH PPS claims with dates of service on or after October 1, 2002, that were subject to partial episode payment (PEP) adjustments or significant change in condition (SCIC) adjustments. In order to make payment for these claims, the Regional Home Health Intermediaries (RHHIs) or home health agencies (HHAs) needed to remove all supply charges.

Initially, supply charges were removed by the RHHIs from a backlog of claims suspended in Medicare systems. Once the backlog was resolved, the RHHIs returned any affected claims to the HHA to remove the supply charges. The HHAs were able to approach this problem in two ways. The HHAs could cease to submit supply charges on any HH PPS claims. This would assure that none of their claims were returned, but it would omit the charges from full episode and low utilization payment adjustment claims that would not otherwise be affected. Alternatively, HHAs could bill as usual and remove the charges only from those claims returned to them by the RHHI. The RHHIs have reported to CMS that a majority of agencies chose this second approach, limiting the impact on supply data primarily to the subset of PEP and SCIC claims.

In CMS and RHHI outreach to providers regarding the error, HHAs were “encouraged to the extent practical” to submit adjustments restoring the supply charges once the error was resolved. Supply charges do not directly affect HH PPS claim payment, but are valuable for use in future research to support HH PPS payment refinements. The CMS encouraged the adjustments because adjustments provide the most complete restoration of the supply data, but did not require them to avoid placing the burden for Medicare’s system error on HHAs.

An additional avenue to recover supply charge data is for HHAs to report supply costs not reported on adjustments via their cost report. Per the requirements below, RHHIs affected by the error will provide instructions to HHAs that they may supplement supply data from their provider statistical and reimbursement (PS&R) system reports with additional information from their records to account for the lost supply charges. 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.

Associated Hospital Service (AHS) of Maine, the RHHI for many New England HHAs, is not affected by the requirements in this instruction. The AHS was processing claims using

the Arkansas Part A Shared System (APASS) during the time period in question and was not affected by the systems error.

B. Policy:

This instruction describes an exceptional process limited in effect to the time period described above. For all other cost reporting periods, existing cost reporting instructions and policies are unchanged.

C. Provider Education:

Intermediaries shall inform affected providers by posting either a summary or relevant portions of this document on their Web site within 2 weeks. Also, intermediaries shall publish this same information in their next regularly scheduled bulletin. If they have a listserv that targets affected providers, they shall use it to notify subscribers that information about “One time home health cost reporting instructions regarding supply charges on HH PPS claims” is available on their Web site.

II. BUSINESS REQUIREMENTS

“Shall” denotes a mandatory requirement

“Should” denotes an optional requirement

Requirement #	Requirements	Responsibility
2993.1	RHHIs shall instruct HHAs of their option to add additional supply charges from the HHA’s own records to the supply data reported by PS&R when completing cost reports for periods that include services rendered from October 1, 2002, through June 30, 2003.	FISS-user RHHIs
2993.2	RHHIs shall ensure that supply charges in excess of PS&R totals for periods that include services rendered from October 1, 2002, through June 30, 2003, are not changed to match PS&R data.	FISS-user RHHIs

II. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

X-Ref Requirement #	Instructions
2993.1, 2993.2	The supply charge fields on the cost report affected by this instruction are the fields in Worksheet S-3, Part IV, line 47; and Worksheet C, Part III, line 15, columns 5, 6, & 7 (charges), as applicable.

B. Design Considerations:

X-Ref Requirement #	Recommendation for Medicare System Requirements
N/A	

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

IV. OTHER CHANGES

Citation	Change
	N/A

SCHEDULE, CONTACTS, AND FUNDING

<p>Effective Date: Cost reporting periods that include services rendered from October 1, 2002, through June 30, 2003.</p> <p>Implementation Date: February 2, 2004.</p> <p>Pre-Implementation Contact(s): Wil Gehne, (410) 786-6148, wgehne@cms.hhs.gov Darryl Simms (410) 786-4524, dsimms@cms.hhs.gov</p> <p>Post-Implementation Contact(s): Regional Offices</p>	<p>These instructions should be implemented within your current operating budget.</p>
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