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This revision manualizes Program Memoranda AB-99-65, Change Request 952, dated October 1999, and AB-00-12, which is a correction to AB-99-65, Change Request 1126, dated March 2000.

HEADER SECTION NUMBERS	PAGES TO INSERT	PAGES TO DELETE
4307.1 - 4307.2 (Cont.)	4-201 - 4-206 (7 pp.)	4-201 - 4-206 (6 pp.)

NEW/REVISED MATERIAL--*EFFECTIVE DATE: June 5, 2000*
IMPLEMENTATION DATE: June 5, 2000

Section 4307.1, Definition of MSP/CWF Terms, has been updated to include contractor numbers to be used by the Coordination of Benefits Contractor. The numbers are a series of numbers beginning with 11101 and a separate number will be used for each Coordination of Benefits Contractor activity.

Section 4307.2, MSP Maintenance Transaction Record Processing, has been updated to include a sentence stating that no change transactions will be permitted to records established with COB Contractor numbers 11101-11106, except for the addition of a termination date.

These instructions should be implemented within your current operating budget.

DISCLAIMER: The revision date and transmittal number only apply to the redlined material. All other material was previous published in the manual and is only being reprinted.

HCFA-Pub. 14-3

4307.   MEDICARE SECONDARY PAYER (MSP) CLAIMS PROCESSING UNDER COMMON WORKING FILE (CWF)

    A.   Introduction.--HCFA standardized the quarterly exchange of MSP information via the Regional Data Exchange System (RDES) in 1987. The RDES enabled contractors to share information pertinent to the identification of MSP beneficiaries. RDES data has been converted to CWF format and incorporated into a CWF MSP auxiliary file for each beneficiary. The auxiliary file has been associated with the beneficiary's master record at a CWF host site. Thus, the RDES has been replaced by CWF.

CWF allows MSP updates on a daily basis whenever a contractor has information to share for MSP. In the CWF environment, each contractor's claims for a given beneficiary will be validated against the same MSP data housed in a CWF MSP auxiliary file, thus permitting uniform processing for each contractor. Since CWF approval is based upon the accuracy of MSP data, every contractor will have strong incentives to update MSP auxiliary records with the best data available. Contractor data inconsistent with a CWF MSP auxiliary file will cause rejects and/or error conditions. A CWF MSP auxiliary record consistent with an identified MSP situation must be present before a CWF host will approve payment for an MSP claim. A CWF MSP auxiliary record is established by an MSP maintenance transaction. The MSP maintenance transaction may be sent as a transaction to CWF with or without a claim. (For example, create an auxiliary record for each beneficiary identified via a negotiated data match agreement with a State Workers' Compensation Board or a State Motor Vehicle Administration.) However, the maintenance transaction is a separate record and must be submitted to establish an auxiliary record.

    B.   Overview of CWF MSP Processing.--CWF updates the CWF MSP auxiliary file with maintenance transactions from contractors within a host's sector, from out-of-service (OSA) area contractors, and from SSA through HCFA. Future plans include updates based on data matches with other Federal and State agencies. MSP data is edited by CWF, and accepted data is loaded to the CWF MSP auxiliary file. An indicator set on the beneficiary master record indicates MSP involvement. Rejected MSP data with error codes indicating the reason for rejection are returned to the submitter for correction.

CWF MSP maintenance transactions and claims for payment approval may be submitted to CWF on the same file. CWF processes the MSP maintenance transactions before processing claims. This procedural flow is to assure processing for claim validation against the most current MSP data. If the MSP claim is accepted, the CWF host will return all MSP data on a beneficiary's auxiliary file to the submitting contractor via an '03' trailer. If the claim is rejected, the host will return only those MSP records that fall within the dates of service on the claim. A maximum of 17 MSP auxiliary records may be stored in CWF for each beneficiary. The validity indicator field of each CWF MSP auxiliary record indicates confirmation that: (1) Another insurer is responsible for payment ('Y' in the field), or (2) Medicare is the primary payer ('N' in the field). CWF provides on-line access to the MSP auxiliary file through the on-line CWF file display utility Health Insurance Master Record (HIMR).

4307.1   Definition of MSP/CWF Terms.--Following is a definition of the terms used in MSP/CWF processing.

Term	Definition
MSP Auxiliary File	Up to 17 beneficiary MSP occurrences/ records on the CWF data base.

MSP Auxiliary Record	Record of beneficiary MSP information. One MSP record/occurrence within the beneficiary's MSP auxiliary file.
Occurrence	One MSP occurrence/record within the beneficiary's MSP auxiliary file.
MSP Effective Date	Effective date of MSP coverage.
MSP Termination Date	Termination date of MSP coverage.
Validity Indicator	Indicates presence (Y) or absence (N) of MSP coverage.
"Y"	Beneficiary has MSP coverage (there is a primary insurer for this period of time).
"N"	Beneficiary does not have MSP coverage (Medicare is primary payer).
First Claim Development	First claim received by CWF and approved for payment (no prior CWF beneficiary history). Carrier receives 'Z' indicator. Must develop with beneficiary.
MSP Codes	Reason for other coverage entitlement.
'A'	Working Aged
'B'	End stage renal disease (ESRD)
'D'	Automobile/Liability
'E'	Workers' Compensation (WC)
'F'	Federal, Public Health
'G'	Disabled
'H'	Black Lung (BL)
'I'	Veterans Affairs (VA)

NOTE: VA and other Federal payments are exclusions rather than MSP nonpayments.

Cost Avoided Claim	An unpaid claim returned without payment. Evidence indicates another insurer is primary to Medicare. (See '13450 for complete description.)
Transaction Type	Identifies type of maintenance record. 0 = Add or change MSP data 1 = Delete MSP data
Override Code	Code used to bypass CWF MSP edit to allow primary Medicare payment. (See §4307.3D for a detailed explanation.)

MSP/COB Contractor Numbers

CWF Source Codes	MSP Contractor Numbers	Non-payment/ Payment Denial Codes	CROWD Special Project Numbers
	33333 = Litigation Settlement	V	4000
P	55555 = HMO Rate Cell Adjustment	U	3000
B,D,T,U,V, or W	77777 = IRS/SSA/HCFA Data Match (I,II,III,IV,V, or VI)	Y	1000
Q	88888 = Voluntary Agreements	Q	5000
O	99999 = Initial Enrollment Questionnaire	T	2000

CWF Source Codes	COB Contractor Numbers	Non-payment/ Payment Denial Codes	CROWD Special Project Numbers
1	11101 = Initial Enrollment Questionnaire	K	6010
2	11102 = IRS/SSA/HCFA Data Match	E	6020
3	11103 = HMO Rate Cell	F	6030
4	11104 = Litigation Settlement	G	6040
5	11105 = Employer Voluntary Reporting	H	6050
6	11106 = Insurer Voluntary Reporting	J	6060

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4307.2   <u>MSP Maintenance Transaction Record Processing</u>.--Submit an MSP maintenance transaction to establish a CWF MSP auxiliary record. Refer to CWF Systems Documentation, Record Name: MSP Maintenance Transaction for the complete record layout and field descriptions.

If an MSP maintenance transaction does not meet all edit criteria, you will receive error codes specific to the failed edit(s) via the CWF MSP Maintenance Transaction Response. Refer to CWF Systems Documentation, Record Name: CWF MSP Maintenance Transaction Response for the complete record layout and field descriptions. For OSA transactions, you will receive the CWF OSA Maintenance Transaction Response. Refer to CWF Systems Documentation, Record Name: CWF MSP Maintenance Transaction Response for the complete record layout and field descriptions. Refer to CWF Systems Documentation Record Name: MSP Maintenance Transaction Error Codes listing the consistency edit error codes and edit definitions. MSP transactions that pass all edits are applied to the CWF MSP auxiliary file.

        A.   <u>Types of Maintenance Transactions</u>.--The three types of maintenance transactions are add, change and delete.

Use MSP maintenance transaction type 'O' (zero) for an add or a change transaction.

        o   The transaction is an add when no matching MSP occurrence--NO MATCHING MSP auxiliary record is found for the beneficiary.

        o   The transaction is a change when a matching MSP occurrence is found.

After a successful MSP maintenance transaction processes through CWF, before and after images of the MSP auxiliary file occurrence are written to the MSP Audit File. Refer to CWF Systems Documentation, Record Name: MSP Audit File for the complete record layout and field descriptions.

        1.   <u>MSP Add Transaction</u>.--There are two "add" situations: a) An MSP add transaction for a beneficiary for which there is no MSP auxiliary file. In this case, the "add" transaction creates an MSP auxiliary record containing the new MSP transaction and sets the MSP indicator on the beneficiary's master record; and b) An MSP add transaction for a beneficiary for which there is an MSP auxiliary file but no matching occurrence. In this case, the "add" transaction adds the maintenance transaction as a new occurrence.

The following fields are mandatory for a validity indicator of 'N':

            o   HICN;
            o   MSP type;
            o   Validity indicator;
            o   MSP effective date; and
            o   Contractor identification number.

The following fields are mandatory for a validity indicator of 'Y':

            o   The same fields listed above for an 'N' transaction; and
            o   Insurer name.

A 'Y' record CANNOT be established without the insurer name.

NOTE: Although we cannot require insurer address as MANDATORY, provide it whenever possible.

When establishing a CWF MSP auxiliary record with an 'N' validity indicator, both the MSP effective date and MSP termination date should be the same. Indicate in the date fields (MSP effective and

MSP termination) the date MSP development was conducted, i.e., the date beneficiary questionnaire sent.

       2.   <u>MSP Change Transaction</u>.--An MSP change transaction occurs when the MSP type and MSP effective date on the incoming maintenance transaction matches an existing CWF MSP auxiliary occurrence.

For MSP types A, B, F, G, H, I (Working Aged, ESRD, Federal, Disabled, Black Lung, Veterans), matching means that the MSP effective date on the auxiliary occurrence and on the maintenance transaction are within 30 days, plus or minus.

For MSP types D and E (Auto/Liability and Worker's Compensation), matching means that the MSP effective date on the auxiliary occurrence and on the maintenance transaction must match exactly.

When a match occurs, the entire MSP auxiliary occurrence is overlaid, except:

        o   HICN;
        o   MSP type;
        o   MSP effective date;
        o   Originating contractor identification number; and
        o   Creation date.

No change transactions will be permitted to records established with contractor number "77777", except for the addition of a termination date. No change transactions will be permitted to records established with contractor numbers "11101-11106," except for the addition of a termination date.

       3.   <u>MSP Delete Transaction</u>.--Use MSP maintenance transaction type '1' to delete a CWF MSP auxiliary occurrence. This transaction checks the beneficiary's master record for an MSP indicator.

        o   If the indicator is not set, you will receive a reject.

        o   If the indicator is set, the MSP auxiliary file is read.

If there is no MSP auxiliary file established for the beneficiary, you will receive a reject.

If an MSP auxiliary record is found, a match is attempted on MSP type and MSP effective date 30 days, plus or minus between the maintenance transaction and the auxiliary occurrence.

NOTE: For MSP types 'D' and 'E', the effective dates must match an auxiliary occurrence effective date exactly.

        o   When a match occurs, a 'D' is placed in the delete indicator field of the MSP auxiliary occurrence.

        o   If the match is unsuccessful, a reject is received.

You may update any auxiliary occurrences (except contractor '77777'). However, an auxiliary occurrence can only be deleted by the contractor who originated the record. A deleted record will still appear on the HIMR display with a 'D' and will only be removed via the purge process (see §4307.8) or when the 17 record maximum is reached. However, delete records are not used in MSP claim processing.

Before and after images of the changes to the MSP auxiliary occurrences are written to the MSP Audit File.

   B.   CWF MSP Auxiliary File.--A maximum number of 17 MSP auxiliary records may be stored in CWF for each beneficiary. Beginning with the 15th occurrence, a disposition code 15 will be reported on the reject file and you will receive a performance report for each occurrence added thereafter. The report will advise that the maximum number of occurrences (17) is approaching. Review the report to determine which records should be deleted from the auxiliary file.

If the CWF MSP auxiliary file already contains 17 occurrences and another occurrence is added, one of the 17 existing occurrences will be archived from the CWF MSP auxiliary file to the MSP Audit File using the following priority:

   o   Oldest "deleted" (flagged for deletion) occurrence;
   o   Oldest "confirmed NO" occurrence;
   o   Oldest termination date; or
   o   Oldest maintenance date for the MSP type to be added.

If none apply, a reject code will be received. Identify which record(s) should be deleted and take necessary action to delete.

   C.   Integrity of MSP Data.--In the future it is envisioned that the CWF data base will contain an CWF MSP auxiliary record with a validity indicator of 'N' or 'Y' for every beneficiary entitled to Medicare. These auxiliary records, for each beneficiary entitled to Medicare, will provide historical MSP data and eliminate improper Medicare payments.

The CWF MSP data base integrity is totally dependent upon you. You are responsible for submitting to CWF MSP information you believe to be of the highest quality. Investigate your information thoroughly before making changes to an existing CWF MSP auxiliary record.

Update your internal MSP control file with the information received via the CWF '03' trailer response. If you have more current information that conflicts with that received from CWF, it is your responsibility to correct the CWF MSP auxiliary record via a CWF MSP maintenance transaction.

   1.   MSP Effective Date Change Procedure.--When you have evidence that the MSP effective date is incorrect and you have established the record (originating contractor):

   o   Delete the auxiliary record containing the incorrect MSP effective date using an MSP delete transaction; and

   o   Submit a CWF MSP maintenance transaction with the correct MSP effective date to establish a new auxiliary record.

NOTE: When the beneficiary is entitled to both Part A and B, use the Part A entitlement date, if the insurance effective date is prior to entitlement to Medicare.

2.   CWF/MSP Transaction Request for Contractor Assistance.--If another contractor established the auxiliary record:

o   Request the originating contractor using CWF MSP Assistance Request, Exhibit 1, to change the MSP effective date using the procedures described above. Submit documentation to substantiate the change to the assisting contractor.

o   Before preparing a CWF MSP Assistance Request, make certain you cannot change the record. There are only two actions you cannot take if you are not the originating contractor: Alter an MSP effective date or delete a record that was established by another contractor. You have the ability to change all other fields.

o   Allow 15 days for the contractor to respond to your request. After 15 days telephone the contractor MSP contact to determine reason for delay.

o   Notify your RO if a contractor consistently has problems responding to your requests.

3.   MSP Termination Date Procedure.--CWF will allow future termination dates of:

o   Up to 6-months for all MSP types, except ESRD. For ESRD, CWF uses the following criteria:

--   MSP effective date prior to 2/1/90, allows for termination date up to 12-months after the effective date; or

--   MSP effective date 2/1/90, and later allows for termination date up to 18-months after the effective date.

A termination date can only be added (not changed) to MSP auxiliary records established by contractor number "77777". A termination date can only be added (not changed) to MSP auxiliary records established by contractor numbers "11101-11106".

A CWF MSP auxiliary record with a 'Y' validity indicator indicates Medicare as the secondary payer. When posting a termination date to this record the 'Y' validity indicator should not be changed. The record indicates a valid MSP occurrence and all future claims submitted will edit against the timeframe posted. Enter the termination date whenever the situation no longer applies.

A CWF MSP auxiliary record with an 'N' validity indicator indicates Medicare is the primary payer. The MSP effective and MSP termination date on the 'N' record should be the same. All records with an 'N' validity indicator must contain both an MSP effective and termination date which should be the same as the date that MSP development was conducted.

4307.3   MSP Claim Processing.--When a CWF Part B claim is submitted, CWF performs consistency edit checks. Refer to CWF Systems Documentation, Record Name: CWF Part B Claim Record for the complete record layout and field descriptions. MSP claims failing the consistency edits will receive a reject with the appropriate disposition code, reject code and MSP trailer data. Refer to CWF Systems Documentation, Record Name: CWF MSP Basic Reply Trailer Data for the complete record layout and field descriptions. Claims passing the consistency edit process are reviewed for utilization compliance. Claims rejected by the utilization review process are rejected with the appropriate disposition code, reject code and MSP trailer data.