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CHANGE REQUEST 2407

CHAPTERS	REVISED SECTIONS	NEW SECTIONS	DELETED SECTIONS
Chapter 1	2.d	--	--
Chapter 3	4.6	--	--
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Chapter 11	1.1	--	--
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Red italicized font identifies new material.

NEW/REVISED MATERIAL - EFFECTIVE DATE: October 1, 2002

IMPLEMENTATION DATE: November 1, 2002 – Non-system Changes
April 1, 2003 – System Changes

Chapter 1, Section 2.D, Annual MR Strategy and Report, is revised to include language from the FY 2003 Budget and Performance Requirements (FY'03 BPR)

Chapter 3, Section 4.6, Spreading Workload Evenly, is revised to include language from the FY'03 BPR.

Chapter 11, Section 1.1, MR Overview, is revised to include appropriate language and Activity Code information from the FY'03 BPR.

Chapter 11, Section 1.3.1, Automated Review Workload and Cost (Activity Code 21001), is revised to include language from the FY'03 BPR.

Chapter 11, Section 1.3.3, Prepay Complex Manual Probe Sample Review Workload and Cost (Activity Code 21201), is added to reflect the requirements in the FY'03 BPR. VIPs/VMS, VIPs/DMERC and EDS/MCS shall be revised to allow users to report all workload associated with this activity code.

Chapter 11, Section 1.3.4, Prepay Complex Manual Provider Specific Review (Activity Code 21202), is added to reflect the requirements in the FY'03 BPR. VIPs/VMS, VIPs/DMERC and

EDS/MCS shall be revised to allow users to report all workload associated with this activity code.

Chapter 11, Section 1.3.5, Prepay Complex Manual Service Specific Review (Activity Code 21203), is added to reflect the requirements in the FY'03 BPR. VIPs/VMS, VIPs/DMERC and EDS/MCS shall be revised to allow users to report all workload associated with this activity code.

Chapter 11, Section 1.5, Policy Development Activities Workload and Cost, is revised to reflect the requirements in the FY'03 BPR.

Chapter 11, Section 1.5.1, New Policy Development Activities (Activity Code 21208), is added to reflect the requirements in the FY'03 BPR.

Chapter 11, Section 1.5.2, Policy Reconsideration/Revision Activities (Activity Code 21206), is added to reflect the requirements in the FY'03 BPR.

Chapter 11, Section 1.7.1, Routine Postpayment Claims Review Workload and Cost (Activity Code 21030), is revised to correct typographical errors.

Chapter 11, Section 1.7.4, Postpay Complex Manual Probe Sample Review (Activity Code 21205), is added to reflect the requirements in the FY'03 BPR.

Chapter 11, Section 1.9, MR Workload Management (Activity Code 21207), is added to reflect the requirements in the FY'03 BPR

Chapter 11, Section 1.10, Corporate Activities (Activity Code 21209), is added to reflect the requirements in the FY'03 BPR

Chapter 11, Section 1.11, Reporting MR Savings in CROWD, is renumbered from Chapter 11, Section 1.9.

Medicare contractors only: these instructions should be implemented within your current operating budget.

Chapter 1 - Overview of Medical Review (MR) and Benefit Integrity (BI) and Medicare Integrity Program-Provider Education and Training (MIP-PET) Programs

D - Annual MR Strategy and Report *(Rev. 33, 11-01-02)*

Contractors are required to develop and document a unique annual MR strategy within their jurisdiction. This strategy must be consistent with the goal of reducing the error rate. Under the Government Performance and Results Act (GPRA), *CMS has a* goal to reduce the Medicare fee for service paid claims error rate to 5 percent. Contractors are not requested to establish a baseline error rate or calculate a contractor specific error rate to be judged against the GPRA goal. The Comprehensive Error Rate Testing Program will eventually provide the baseline measurements.

When submitting the MR Strategy, the contractor shall:

- Complete the following chart *(no entry may be made into the shaded boxes)*:

CAFM II Activity Code	BUDGET	PROJECTED WORKLOAD		
		Workload 1	Workload 2	Workload 3
<i>21001 Prepay automated</i>				
<i>21002 Prepay routine</i>				
<i>21201 Prepay complex manual probe sample</i>				
<i>21202 Prepay complex manual provider specific review</i>				
<i>21203 Prepay complex manual service specific review</i>				
<i>21007 Data analysis</i>				
<i>21208 New Policy Development</i>				
<i>21206 Policy Reconsideration</i>				
<i>21205 Postpay complex manual probe sample review</i>				
<i>21030 Postpay routine manual</i>				

21031 Postpay complex manual provider specific review				
21032 Postpay complex manual service specific review				
21010 TPL Claims				
21100 PSC Support Services				
21207 MR workload management				
21209 Corporate Activities				

- Provide an employee list by job title, including the MR responsibilities for each job title. Indicate the number of FTEs that are associated with the direct costs for each job title by activity code.
- Identify the intended areas for focusing the contractor’s MR resources. Explain how these were selected.
- Identify the processes that the contractor shall use to monitor spending in each MR activity code to ensure that spending is consistent with the allocated budget. *Indicate how often this is monitored.* This shall include the processes the contractor shall undertake to revise *or* amend the plan, when spending is over or under the budget allocation;
- Identify *and describe* processes that assure the accuracy and the consistency of reporting workload for each CAFM II *Activity Code* and assesses the proper allocation of FTE/hrs that are required for each activity;
- Identify the data analysis process the contractor will employ *to* carry out the MR program. *Identify by name your claims processing standard system and list any other system support you use (e.g., expert systems) and the MR function it performs.*
- *Identify the process for determining when the contractor will develop or revise LMRP.*
- Contractors may perform automated, routine, and complex prepayment review and post-payment reviews. Contractors should determine the appropriate amount of review to be performed for each CAFM II code within the constraints of their budget. Consideration should be provided for the cost effectiveness of each tool, as well as the appropriateness of each tool for resolving identified problems in achieving the overall goal of reducing the claims payment error rate. *Explain your methods for determining the appropriate amount of review for each CAFM II Activity Code.*

- *Contractors should attempt to avoid bunching workload. Describe how you plan to evenly distribute workload.*
- Only in those instances where reviews cannot be automated and *review by a clinician is unnecessary*, shall the contractor conduct routine manual reviews. *Explain those types of review that you cannot automate and the reasons why they cannot be automated.*
- *Perform a qualitative assessment of the anticipated affect your MR strategy will have on your error rate.*
- DMERCs, budgets should include funds for activities associated with providing advance determinations of Medicare coverage (ADMC) for certain customized items of DME (PIM Chapter 5, Section 7).
- *An MR Strategy should be submitted with your budget request* to the appropriate RO and CO (MROperations@cms.hhs.gov). This report is a description of the *contractor's* MR strategy and must, at a minimum, include a discussion of the MR strategy requirements listed above. *The MR Strategy should be updated as needed. When an updated MR Strategy requires an SBR, the updated MR Strategy should be sent with the SBR to the RO and CO* (MROperations@cms.hhs.gov).

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Chapter 3 - Verifying Potential Errors and Taking Corrective Actions

4.6 -Spreading Workload Evenly *(Rev. 33, 11-01-02)*

The type and amount of workload a contractor must perform each year is specified in their MR Strategy or Statement of Work (SOW). *Contractors should attempt to avoid bunching workload.*

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1.1 – MR Overview *(Rev. 33, 11-01-02)*

This chapter of the PIM lists the requirements contractors must follow when allocating MR Costs, Savings and Workload to the MR activities in CAFM and CROWD. These requirements formerly appeared in MCM, Part 1, 4213; MIM, Part 1, 1213 and the MR Budget and Performance Requirements (BPRs). Contractors must allocate to the MR activity code in CAFM only the workload and costs associated with MR tasks. Contractors must allocate to the MR line in CROWD only these savings that are generated by MR tasks. For example:

- If a nurse reviewer spends 90% of her time performing complex manual prepay *provider specific* medical reviews and 10% of her time performing appeal reviews at the request of the appeals unit, the contractor must allocate 90% of this nurse’s salary/fringes to 21202 and the 10% to the appropriate appeals activity code.
- If a non-clinician medical reviewer spends 80% of his time performing Routine Manual Coverage reviews and 20% of his time performing suspect duplicate reviews, the contractor must allocate 80% of this reviewer's salary/fringes to 21002 and the 20% to the appropriate claims processing activity code.

- If a nurse reviewer spends 70% of her time performing complex postpay claim review for the purpose of making a coverage determination on a provider who has been selected for targeted PCA review and 30% of her time performing prepay reviews at the request of the BI unit, the contractor should report 70% to the appropriate postpay MR code (21030, 21031, 21032) and 30% to 23007.

For those MR costs that affect all MR activities (e.g., the MR Manager, Quality Improvement (QI) activities, ISO 9000 certification), contractors are encouraged to spread the cost allocation evenly across all MR activity codes. However, if the contractor's system prevents this from occurring, the contractor may allocate the costs to a single activity code at the contractor's discretion. *If the contractor must allocate these costs to a single activity code, they should provide written notice to their regional office and to CMS central office to assist in reviewing these costs.*

1.3.1 - Automated Review Workload and Cost (Activity Code 21001) (Rev. 33, 11-01-02)

Contractors must report the costs associated with automated review including personnel to install and activate supplemental edit software in Activity Code 21001. In the workload section of the CAFM II, Activity Code 21001, contractors should report the number of claims denied in whole or in part in Workload 1. To the extent the contractor can report claims subjected to automated review, this number should be reported in Workload 2. To the extent the contractor can report providers *subject to* automated review, this number should be reported in Workload 3. (PIM Ch.3, §4.5) Effective October 1, 2003 the MCS system shall be revised to allow users to report Activity Code 21001 Workload 3.

1.3.3 - Prepay Complex Manual Probe Sample Review (Activity Code 21201) (Rev. 33, 11-01-02)

Report all costs associated with prepay complex manual probe sample review in Activity Code 21201. In the workload section of CAFM II, Activity Code 21201, report the number of claims reviewed in Workload 1. Report the number of claims denied in whole or in part in Workload 2. To the extent the Carrier and DMERC can report providers subjected to complex review, they should report this number as Workload 3.

1.3.4 -- Prepay Complex Manual Provider Specific Review (Activity Code 21202), (Rev. 33, 11-01-02)

Report all costs associated with prepay complex manual provider specific review in Activity Code 21202. In the workload section of CAFM II, Activity Code 21202, report the number of claims reviewed in Workload 1. Report the number of claims denied in whole or in part in

Workload 2. To the extent the Carrier and DMERC can report providers subjected to complex review, they should report this number as Workload 3.

1.3.5 -- Prepay Complex Manual Service Specific Review (Activity Code 21203), (Rev. 33, 11-01-02)

Report all costs associated with prepay complex manual service specific review in Activity Code 21203. In the workload section of CAFM II, Activity Code 21203, report the number of claims reviewed in Workload 1. Report the number of claims denied in whole or in part in Workload 2. To the extent the Carrier and DMERC can report providers subjected to complex review, they should report this number as Workload 3.

1.5 - Policy Development Activities Workload and Cost (Rev. 33, 11-01-02)

1.5.1 -- New Policy Development Activities (Activity Code 21208), (Rev. 33, 11-01-02)

Report all costs associated with new LMRP development activity in CAFM II Activity Code 21208. Report the number of new policies that were presented for notice and comment as Workload 1. Report the number of policies that became effective as Workload 2.

1.5.2 -- Policy Reconsideration/Revision Activities (Activity Code 21206), (Rev. 33, 11-01-02)

Report all costs associated with reconsiderations and revisions to LMRP in CAFM II Activity Code 21206. Include reconsideration requests made as a result of [PIM Chapter 13 Section 11](#). Report the total number of policies revised in Workload 1. Report the number of policies revised that required notice or comment as Workload 2. Report the number of policies revised due to an outside request (e.g., beneficiary or provider request) in Workload 3.

1.7.1 - Routine Manual Postpayment Claims Review Workload and Cost (Activity Code 21030) (Rev. 33, 11-01-02)

Contractors must report all costs associated with routine manual postpayment claims review in Activity Code 21030. In the workload section of Activity Code 21030, contractors must report the total number of claims reviewed on a postpayment basis as Workload 1, and report the total number of claims denied in whole or in part as Workload 2. To the extent contractors can report providers *subjected* to postpayment review, they *should* report this number as Workload 3.

1.7.4 – Postpay Complex Manual Probe Sample Review (Activity Code 21205), (Rev. 33, 11-01-02)

Contractors must report all costs associated with postpay complex manual probe sample reviews in Activity Code 21205. In the workload section of CAFM II, Activity Code 21205, report the number of claims reviewed in Workload 1. Report the number of claims denied in whole or in part in Workload 2. To the extent the Carrier and DMERC can report providers subjected to complex review, they should report this number as Workload 3.

1.9 – MR Workload Management (Activity Code 21207), (Rev. 33, 11-01-02)

Contractors must report all costs associated with MR workload management including the development of the QI plan, MR strategy, QI outcome report and workload determinations in CAFM II Activity Code 21207. There is no workload to be reported for this activity.

1.10 – Corporate Activities (Activity Code 21209), (Rev. 33, 11-01-02)

Contractors must report all costs associated with those corporate functions not directly benefiting MR, but that must be attended to by MR staff directly charged with other MR activity codes in CAFM II Activity Code 21209. These corporate activities must be otherwise allowable and allocable to the Medicare line of business. There is no workload to be reported for this activity.

1.11 - Reporting MR Savings in CROWD (Rev. 33, 11-01-02)

Contractors must report in CROWD only those actual savings that are generated from MR prepay and postpay reviews (21001, 02, 03, 10, 30, 31, 32).

Include as MR Savings the following:

- Actual Savings that result from all coverage and coding reviews done for MR purposes. Include all benefit category, statutory exclusion and reasonable and necessary reviews done for MR purposes.

Contractors shall not include as MR savings:

- Avoided costs (e.g. *a reduction in the number of claims submitted, compared to historical patterns, attributed to a new or revised LMRP should not be considered “savings.”*)
- Savings that result from coverage or coding reviews performed at the request of the fraud unit.
- Savings that result from any review other than coverage or coding.