Program Memorandum Intermediaries

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

Transmittal A-01-127 **Date: OCTOBER 23, 2001**

CHANGE REQUEST 1758

SUBJECT: Common Working File (CWF) Processing of Home Health Prospective Payment System (HH PPS) Transfer Episodes Received Out of Sequence

The following information pertains to Regional Home Health Intermediaries (RHHIs) only.

The CWF episode editing implemented in October 2000 allows HH PPS episodes to be accepted which overlap a subsequent episode under one condition – if a source of admission code B (indicating transfer) or C (indicating discharge and readmission) is present on the episode record for the subsequent episode. However, transfer cases have occurred in which the provider of the later dated services in the transfer may not be aware that the beneficiary has received other HH services within 60 days. This occurs when the provider of the earlier dated services has delayed the submission of their request for anticipated payment (RAP). As a result, the provider of the later dated services does not know to code the accurate source of admission code (B). When the provider of the earlier dated services then submits their RAP, that RAP is rejected with CWF edit 5385 and the provider of the earlier dated services is unable to receive payment for the episode.

In order to prevent this, CWF episode processing will be revised to no longer reject RAPs with edit 5385 if the calculated 60 day period overlaps a later episode. Instead, CWF will accept these RAPs and create a shorter episode period (59 days or less). This episode period will consist of the span of days between the state covers "From" date on the incoming RAP up to the episode start date of the subsequent episode. After acceptance at CWF, the RAP will receive the full RAP payment due, despite the shortened episode period.

The shortened episode period will be used by Medicare systems to ensure that the earlier dated services in the transfer are paid a partial episode payment (PEP). If the provider of the earlier dated services is aware of the transfer, the final claim for these services should be submitted with a patient status code of 06 to indicate the transfer. This patient status code triggers the calculation of a PEP. But the provider may not be aware of the transfer, since they will not receive a reject from CWF alerting them. In order to ensure these episodes receive a PEP, CWF must create a new error code to return to the standard systems in cases in which there is a shortened episode present and the claim has any other patient status other than 06. If there are no line item dated services that fall within the later episode, the standard systems will change the patient status code to 06 and reprocess the claim as a PEP before returning it to CWF. If in these cases, line item dated services do fall in the subsequent episode, these claims would be rejected back to the provider for removal of the overlapping dates of service.

The *effective date* for this Program Memorandum (PM) is April 1, 2002.

The *implementation date* for this PM is April 1, 2002.

These instructions should be implemented within your current operating budget.

This PM may be discarded April 1, 2003.

If you have any questions, contact your regional office.