Program Memorandum Intermediaries/Carriers

Department of Health & Human Services (DHHS)

Centers for Medicare & Medicaid Services (CMS)

Transmittal AB-01-105	Date: AUGUST 1, 2001

CHANGE REQUEST 1694

SUBJECT: Medical Review (MR) Progressive Corrective Action (PCA)--ACTION

This Change Request (CR) updates CR 1285 (Transmittal AB-00-72, dated August 7, 2000) concerning MR PCA. CR 1285 instructs all contractors to implement, to the extent possible, all sections of that Program Memorandum (PM) that do not require systems changes by October 1, 2000. This PM requires that contractors (including Program Safeguard Contractors that have assumed carrier or intermediary medical review responsibilities), contractor data centers, and standard systems maintainers make changes for full implementation of Transmittal AB-00-72 by the implementation dates of this PM. Systems changes include, but are not limited to, linking to supplies module that perform the following functions:

Selection of a predetermined percentage or number of claims suspended for medical review;

Calculation of error rates (prepayment and postpayment review); and

Availability of a provider tracking system.

Contractors must ensure that all sections of Transmittal AB-00-72 are fully implemented by the implementation dates of this PM. Contractor data centers must insure that the module described below is ready for Medicare contractors to use by the implementation dates. Standard systems maintainers must implement the module described below by the implementation date.

APPROACH TO IMPLEMENTING PCA

The Program Integrity Module for Part B and DME (PIMB) is a system that provides a Medicare Part B and DME claim postpayment sampling tool for carriers and program safeguard contractors to use. The PIMB system has a batch component, which pulls a random sample of claims from a universe extract file based on a user-designated factor and can also selectively sample claims based on specific types of medical services or billing providers. In addition, there is a Customer Information Control System online component to the system to allow the user to view, add, and update the random selection factors and the codes that designate categories of medical services.

Part B standard systems maintainers were required by CR 1397 (Transmittal B-00-64, dated November 16, 2000) to install programs needed to operate the PIMB system. Contractors can use the module to meet requirements for random MR in the fiscal year (FY) 2001 Budget and Performance Requirements. Included in CR 1397 were a users manual that describes how users interface with the system, an operations guide that describes how to install and maintain the PIMB, and a list of files at the CMS Data Center that maintainers can download and use to install PIMB.

This CR (CR 1694) requires that Part B standard systems install an updated PI Sampling Module [we call the updated module the Claims and Provider Selection Sampling Module (CAPS)] required by CR 1397 (these updates will be the same for DMERC and Part B) and that Part A standard systems install CAPS.

The current PIMB allows Part B contractors to sample claims postpayment for (1) all claims, (2) specific provider types, and (3) specific benefit types. It is not implemented for Part A.

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CAPS will add the capability for all contractors to sample claims prepayment and allow contractors to sample a percentage of claims by a specified provider number or by provider number and service type. In addition, a stand-alone client server based tracking system is included in CAPS.

CAPS will do the following:

Draw a representative sample prepayment or postpayment,

Suspend claims prepayment, possibly through the use of existing software such as SuperOp (a package currently installed for the VIPS and FISS standard systems),

Interface with the standard system record request module and annotate claim by claim, pay/no pay decisions, and

Estimate provider errors and track actions contractors take to correct those errors via a client server based application.

The CAPS module will select a claim before any manual review is done on the claim but after the standard system has initiated automated processing. We wish to select a claim before it goes to development.

We expect that the CAPS module will use the same record layouts as PIMB for the actual extraction process but will add other files to allow prepayment tracking and communication with the prepayment module of the standard systems. The CAPS interactive menu will allow a CAPS user to specify pre-pay vs. post-pay claims. The CAPS module will include online changes to the PIMB selection screen because of the additional selection criteria. CAPS will identify whether the claims are selected prepayment or postpayment based upon the user's entries in the selection screen.

CAPS will process only information that is on a claim. If a claim does not have sufficient information to identify it for selection, CAPS will not be able to select it. The impact of that fact on the representativeness of the sample cannot be determined. However, all claims that do not have sufficient information to allow processing, i.e., a missing provider number, are returned to the submitter for resubmission. Once the claim is correctly resubmitted, the CAPS module can select the claim if it meets sample criteria. Therefore, all claims that are correctly submitted will have an equal chance of submission -- a requirement for a representative, unbiased sample.

This CR does not add new pricing files or edits. Coinsurance and deductibles do not need to be considered in complying with this requirement. Linkages or modifications to Pricer, OCE, and OPPS are not required. New EOMBs and MSNs will have to be generated as a result of this application. Those MSNs and EOMBs will indicate that the contractor has acted upon the claim for PCA purposes. PS&R will not be affected. We established a workgroup to discuss the requirements in February 2001. We will expanded it to help with the development and implementation of this module.

Implementation of the CAPS module by standard system maintainers will require the development of interfaces between the CAPS module and the standard system in time for data centers to install and test the CAPS module on or before the implementation dates. CMS defines implementation of the CAPS module by contractor data centers as the data center insures that the CAPS module is available and ready for use by each of the Medicare contractors they serve by the implementation dates. Contractors must begin performing PCA by the implementation dates.

The *effective date* for this PM is January 1, 2002, for the DMERC standard system, DMERC data centers, and DMERCs. Target effective dates are April 1, 2002, for all other Part B standard systems, Part B data centers, and contractors, and July 1, 2002, for all Part A standard systems and Fiscal Intermediaries. We will issue additional PMs to establish effective dates for other Part B standard systems, data centers, and contractors and for Part A standard systems and Fiscal Intermediaries.

The *implementation date* for this PM is January 1, 2002, for the DMERC standard system, DMERC data centers, and DMERCs. Target implementation dates are April 1, 2002, for all other Part B standard systems, Part B data centers, and contractors, and July 1, 2002, for all

Part A standard systems, Part A data centers, and Fiscal Intermediaries. We will issue additional PMs to establish implementation dates for other Part B standard systems, data centers, and contractors and for Part A standard systems and Fiscal Intermediaries.

These instructions should be implemented within your current operating budget.

This PM may be discarded after July 1, 2003.

If you have any questions or wish copies of PIMB documentation or computer programs, contact John Stewart on (410) 786-1189.