
Program Memorandum

Carriers

Department of Health and
Human Services (DHHS)
HEALTH CARE FINANCING
ADMINISTRATION (HCFA)

Transmittal B-00-39

Date: AUGUST 10, 2000

CHANGE REQUEST 1219

**SUBJECT: Department of Veterans Affairs (VA) Claims Adjudication Services Project:
Systems Changes Needed**

This Program Memorandum (PM) delineates systems changes needed for the above project. In general, the following systems are involved:

1. Standard: EDS/MCS and FISS;
2. CWF; and
3. Trailblazers (the contractor working with the VA).

Other contractor systems are unaffected at this time.

Background

Current law permits the VA to collect appropriate Medicare coinsurance and deductible amounts from third-party insurers for claims for supplies and services ordinarily covered by Medicare but furnished

1. At VA facilities; and
2. For veterans eligible to receive Medicare benefits and having the third-party insurance.

To facilitate this process, HCFA entered into an interagency agreement with the VA whereby HCFA will help the VA work with a HCFA contractor to adjudicate these claims to produce a remittance advice equivalent to that ordinarily produced for Medicare claims. The remittance advice, sent to the third-party insurers, will help the insurers determine payment amounts they owe to the VA. HCFA will not pay these claims. Trailblazers was the contractor selected to perform the work.

Systems Changes Needed

In 1997, work was completed on the various systems to process the equivalent of Part A hospital inpatient and Part B physician claims for the VA. However, since that time, additional changes were identified.

Fixing a Problem with the Provider Numbering Scheme

Veterans typically see more than one physician at a VA facility on a given day, but the original provider numbering scheme permitted only one provider number per facility. Under these circumstances, many claims would be erroneously rejected as duplicates. To fix this problem, the following changes are needed:

VA: The carrier-defined provider number will be changed from having "VA" in the first two positions to "V" in the first position. This change will permit the VA to include specialty codes. Including specialty codes will permit the VA to have multiple provider numbers to accommodate various professional services furnished at a given facility on the same day for the same beneficiary-veteran.

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Trailblazers: Trailblazers will key in approximately 13,000 provider numbers to accommodate this change.

CWF: CWF will edit to ensure that only claims having all three of the following conditions will be processed according to the special VA claims adjudication procedures of this project:

1. A demo number of 31 is present;
2. A V is present in the first position of the carrier defined provider number field (HUBC Field 83 Provider Number, Positions 440-449); and
3. The contractor number = Trailblazers' contractor number (00900).

If only two of these conditions are present, then CWF will reject the claim. If only the demo code of 31 is present, CWF will also reject the claim.

Establishing a Database for Nationwide Pricing Information

To process VA claims from various localities, Trailblazers will establish a database for the Medicare physician fee schedule to include pricing information for all of the States, not only Texas.

Adding a Message to the Remittance Advice

EDS/MCS: To clarify that HCFA made no payment on the VA claim, the remittance advice will include the following message:

MA118 Coinsurance and/or deductible amounts apply to a claim for services or supplies furnished to a Medicare-eligible veteran through a facility of the Department of Veterans Affairs. No Medicare payment issued.

Existing claim adjustment reason codes 1 (deductible) and/or 2 (coinsurance) will be used to report those amounts on these remittance advice transactions.

The *effective date* for this Program Memorandum (PM) is August 1, 2000.

The *implementation date* for this PM is January 1, 2001.

Funding is available through the regular budget process for costs required for implementation.

This PM may be discarded after August 1, 2001.

If you have any questions, contact Claudette Sikora, CHPP/PBEG/DPCP, (410)786-5618.