PROGRAM MEMORANDUM CARRIERS

Department of Health and Human Services

Health Care Financing Administration

Transmittal No. B-00-15 **Date APRIL 2000**

CHANGE REQUEST 457

This Program Memorandum re-issues Program Memorandum B-99-9 Change Request 457, dated March 1999; the only change is the discard date all other material remains the same.

This Program Memorandum re-issues Program Memorandum B-98-19 Change Request 457, dated May 1998; the only change is the discard date all other material remains the same.

SUBJECT: Change to Health Insurance Claim Form HCFA-1500 Instructions for Processing Physician Claims in Global Payment Systems

HCFA is now operating one global payment demonstration, and expects to operate two more global payment demonstrations in the coming months. The current demonstration is the Cardiac Artery Bypass Graft Demonstration (CABG) at six sites, while the new demonstrations are the Participating Centers of Excellence Demonstration, and the Medicare Provider Partnership Demonstration. Under these demonstrations, a single global payment is made to the hospital or Physician Hospital Group (PHO) for services to Medicare beneficiaries, with the hospital or PHO being responsible for dividing the lump sum payments into parts for the hospital and the physicians. Physician bills under these demonstrations are sent to the carrier, and processed as no pay bills, with information about the services and the amount that otherwise would have been paid sent to the physician and to the hospital or PHO.

A problem which occurs rather frequently for demonstration patients has been detected. The problem arises when patients are transferred to a demonstration hospital from a non-demonstration hospital. During the hospital stay at a demonstration site, it is possible that there may be physician bills from an originating non-demonstration hospital for transfer cases. Carriers should pay physicians for medically necessary services furnished at a non-demonstration hospital on the same day the patient is transferred to a demonstration hospital. Currently, carriers are treating such claims as "no pay" demonstration bills. We are not aware of a similar problem having occurred involving the date of discharge; however, it could potentially be a problem. Medically necessary physician services furnished at a non-demonstration hospital on the same date as the admission to or a discharge from a demonstration hospital are payable and are outside the scope of the demonstrations.

Significant numbers of these physician claims for non-demonstration hospital services are being processed incorrectly and carriers are being contacted by doctors wanting to know why they aren't being paid for their services. We directed carriers to resolve this problem in the short term by using data currently available in item 32 of the HCFA-1500 claims received from physicians who provide services covered/payable outside the scope of the demonstrations. Each carrier was directed to devise internal operating procedures to correctly process non-demonstration claims from physicians until a standard national solution is instituted by HCFA.

To solve this problem in the long run, Medicare provider numbers of hospitals are needed in item 32, with the prefix HSP. The instructions for HCFA-1500 should be modified to state,

> *If a physician performs a service(s) in a hospital (Place of Service Codes=21, 22, or 23), the physician must enter the Medicare provider number, in addition to name and address. When entering the Medicare provider number, precede each number with HSP. You are permitted to bill one provider number per claim.*

The standard systems and the carrier systems must be modified to accommodate this change. For the electronic equivalent fields: (1) Report the Lab/Facility Name in NSF record EA0, field 39 AND in the ANSI X12 837, report the name in 2-250.A-NM103. (2) Report the Lab/Facility ID in NSF record EA1, field 4, AND in the ANSI X12 837, report the ID in 2-250.A-NM109. (3) Report the Lab/Facility Address in NSF record EA1, fields 6,7,8,9, and 10 AND in the ANSI X12 837 report the address in 2-265.A-N3 and 2-270.A-N4. Also, providers nationwide must be educated to this change. This change is permanent.

The above changes should be implemented within the contractor's cost estimate for systems changes which was requested on 2/26/98 to be sent to us by 3/16/98.

The Program Memorandum may be discarded April 1, 2003.

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