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# Program Memorandum Intermediaries

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Department of Health &  
Human Services (DHHS)  
Centers for Medicare &  
Medicaid Services (CMS)  
Date: AUGUST 15, 2003

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Transmittal A-03-071

CHANGE REQUEST 2827

**SUBJECT: Retroactive Correction of Provider Statistical and Reimbursement (PS&R) System Report Data Related to Mammography and Outpatient Therapy Services**

## 1. GENERAL INFORMATION

This Program Memorandum (PM) notifies fiscal intermediaries (FIs) and providers of the PS&R processing error related to mammography and outpatient therapy services and CMS's plans for retroactive correction of PS&R data. FIs shall be required, to correct the PS&R report for mammography and outpatient therapy services retroactively to January 1, 1999.

### A. Background:

The CMS recently became aware that the PS&R system was not updated to reflect all the new HCPCS codes for mammography and outpatient therapy services paid based on a fee schedule during calendar years 1999, 2000, or 2001. As a result, a number of mammography and therapy claims that were paid based on a fee schedule were commingled on the PS&R with cost reimbursed services. Therefore, the PS&R report has not accurately reflected the cost reimbursed payments made to the provider.

The CMS had an FI perform an analysis of the impact of this error on a group of providers, and determined that the reimbursement effect was generally immaterial. Included in the sample was an assortment of provider types (hospitals and skilled nursing homes).

### B. Policy:

The PS&R report is a critical part of the Medicare settlement process, and should accurately reflect payment data processed through the Medicare claims system. FIs are required to reprocess mammography/outpatient therapy claims retroactively to January 1, 1999, and include all data processed into PS&R prior to installation of Version 28.0. The CMS had a FI perform an analysis of the impact of the PS&R mammography/outpatient therapy issue on providers. Based on this analysis CMS determined the reimbursement impact to providers was generally immaterial. As a result it will not be necessary to reopen all the cost reports impacted by this issue. However, FIs may reopen a settled cost report if the provider requests a reopening, submits verifiable documentation to justify its request, and the reopening request is within the reopening period allowed by 42 CFR §405.1885. Medicare cost reports that are reopened for issues unrelated to mammography and outpatient therapy issues will be settled only on those issues for which the reopening was based and not based on the revised PS&R.

Medicare cost reports that have not been settled, as of the October 1, 2003, shall be settled based on PS&R reports produced after claims were processed through version 28.0 of the PS&R.

## II. BUSINESS REQUIREMENTS

*“Shall” denotes a mandatory requirement*

*“Should” denotes an optional requirement*

Req. #	Requirements	Resp.
2827.1	The FIs shall update their PS&R reports, by reprocessing claims data beginning January 1, 1999 and include all data processed into PS&R prior to installation of V28, which had an implementation date of January 24, 2003.	All FIs
2827.1.1	The FIs shall use the updated PS&R report to settle cost reports that are open as of October 1, 2003.	All FIs
2827.1.2	The FIs shall have the capability to produce a copy of the updated PS&R report for those providers whose cost reports have been settled if requested by a PS&R user.	All FIs
2827.2	The FIs shall retain, in their audit records, a copy of the original PS&R report used to settle a cost report.	All FIs
2827.3	FIs are not required to reopen cost reports if already settled, unless a provider requests it. However, FIs may reopen a settled cost report if the provider requests a reopening, submits verifiable documentation to justify its request, and the reopening request is within the reopening period allowed by 42 CFR §405.1885.	All FIs

## III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

**A – Other Instructions:** N/A

X-Ref Req. #	Instructions

**B – Design Considerations:** N/A

X-Ref Req. #	Recommendation for Medicare System Requirements Implementation

**C - Interfaces:** N/A

X-Ref Req. #	Recommendation for Medicare System Requirements

**D - Contractor Financial Reporting /Workload Impact:** N/A

**E - Dependencies:** N/A

**F - Testing Considerations:** N/A

**IV. Attachment(s)** N/A

<b>Implementation Date: October 1, 2003</b> <b>Post-Implementation Contact:</b> <b>Edward Tregoe, 410-786-6827</b> <b>Effective Date: October 1, 2003</b>	<b>Funding: These instructions should be implemented within your current operating budget.</b> <b>Pre-Implementation Contact:</b> <b>Mike O'Leary, 410-786-6432</b> <b>Discard Date: October 30, 2004</b>
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