Program Memorandum
Intermediaries/Carriers

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

Transmittal AB-03-011 **Date: FEBRUARY 3 2003**

CHANGE REQUEST 2050

SUBJECT: Identifying the Primary Payer Amounts to Send to the Medicare Secondary Payer Pay Module (MSPPAY) and the Shared Systems When There Are Multiple Primary Payers on Electronic and Hardcopy Claims

This Program Memorandum (PM) provides instructions for intermediaries and carriers on how to: (1) handle Medicare Secondary Payer (MSP) electronic claims when there are multiple primary payers, and (2) provide billing instructions for your use in educating providers, physicians and suppliers about coding MSP amounts on the ANSI X12N 4010 837 and on hardcopy claims when there are multiple primary payers. The HPBSS shared system and associated carriers are waived from implementing this instruction due to their transition to the MCS.

Provider Education

Intermediaries must include all information found in the Instructions to Providers section in your next regularly scheduled provider bulletin and post the instructions on your Web site within 2 weeks of CMS releasing this PM.

Carriers must include all information found in the Instructions to Physicians and Suppliers section in the next regularly scheduled bulletin and post the instructions on your Web site within 2 weeks of CMS releasing this PM.

If you are scheduling provider, physician, or supplier training, include a discussion of these instructions in your training session.

FISS, APASS and Medicare Intermediary Instructions

Sometimes more than one primary payer makes payment on a Medicare Part A electronic claim and Medicare may still make a secondary payment on the claim. Shared system changes must be made, as necessary, so you can:

1) Identify electronic incoming MSP claims with multiple primary payers;

2) Send each claim level MSP value code, other than Value Code 44, paid amount found on the primary payer's MSP claim through the shared system so MSPPAY can calculate Medicare's secondary payment; and

3) Identify the lowest obligated to accept as payment in full (OTAF) amount, which is identified by Value Code 44 and send that amount to MSPPAY (**NOTE:** MSPPAY will use Medicare covered charges if covered charges are lower than the OTAF amount).

Multiple Primary Payers

Providers must comply with Section 1.4.2, titled "Coordination of Benefits," found in the 837 version 4010 Institutional Implementation Guide regarding the submission of Medicare beneficiary claims when there are multiple primary payers. Providers must follow model 1 in Section 1.4.2.1, which discusses the "provider to payer to provider" methodology of submitting claims. When multiple payer claim information is attached to the inbound 837, your shared system must be able to identify these types of claims and do the following:

1) Primary Payer Paid Amounts: Identify Primary Payer information from loop 2300, qualifier HIXX-1 = BE. The value codes found in HIXX-2 and the value code monetary amounts found in HIXX-5 must be sent to MSPPAY by the shared system.

2) OTAF: Take the lowest Value Code 44 (the OTAF) amount, which must be greater than zero, found in loop 2300 segment HI, and send that amount to MSPPAY. **NOTE**: A value of "Y," in loop 2320, segment OI03, indicates there is an OTAF amount in loop 2300 segment HI.

Part A Hardcopy MSP Claims

When you receive hardcopy MSP claims, take the Value Code paid amounts, found in FL 39-41 of the Form UB 92/1450 and send these amounts to MSPPAY. If more than one Value Code 44 is received on the claim, these value codes must be keyed and sent to the shared system. The shared system must take the lowest Value Code 44 amount found on the claim and send it to MSPPAY.

Claim Example

Below is an example of a Part A MSP claim sent to an intermediary. All services are Medicare covered services. The following OTAF and other Payer Paid Amounts are sent to MSPPAY at the claim level. The other Payer Paid Amounts (below) may be calculated and sent by line for non-OPPS CELIP claims.

Payer 1	**Submitted Covered Charges**		**OTAF**	**Other Payer Paid Amount**
Total	$150.00		$80.00	$70.00

Payer 2	**Submitted Covered Charges**		**OTAF**	**Other Payer Paid Amount**
Total	$150.00		$50.00	$40.00

Send the following other payer amounts to MSPPAY based on the instructions cited above:

OTAF: $50.00 (lowest OTAF)
Other Payer Paid Amount: $110.00 (combined total other payer paid amounts)

Instructions to Providers

How to Submit Claims to Medicare When There are Multiple Primary Payers

There are situations where there is more than one primary payer that pays on a Medicare Part A electronic claim and Medicare may still make a secondary payment on the claim. When there are multiple primary payers, you must do the following when sending the claim to Medicare for secondary payment.

- Comply with Section 1.4.2, titled "Coordination of Benefits," found in the 837 version 4010 Institutional Implementation Guide regarding the submission of Medicare beneficiary claims to multiple payers for payment. Follow model 1 in Section 1.4.2.1 that discusses the "provider to payer to provider" methodology of submitting electronic claims.

- After you receive the electronic remittance advice from the primary payers, send the other payers' claim information to Medicare using the 837 version 4010 format. For MSP claims, place the primary payer paid amounts, in loop 2300, qualifier HIXX-1 = BE. Place the value codes in HIXX-2 and the (value code) monetary amounts in HIXX-5. **NOTE**: In regard to Value Code 44, Obligated to Accept as Payment in Full (OTAF) amount, indicate a value of "Y" in loop 2320, segment OI03. This will inform Medicare that an OTAF amount is present on the claim and the amount can be found in the 2300 loop HI segment.

- If, for any reason, you must send hardcopy MSP claims, you must place the MSP Value Codes and Value Code amounts in FL 39-41 of the Form UB 92/1450.

VIPS Medicare System (VMS) and Durable Medical Equipment Regional Contractor (DMERC) system, Multi Carrier System (MCS) and Medicare Carrier Instructions

Sometimes more than one primary payer makes payment on a Medicare Part B claim and Medicare may make a secondary payment on the claim. Shared systems changes must be made, as necessary, to comply with this program memorandum.

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) requires physicians and suppliers to submit electronic claims when possible. Questions have arisen regarding how MSP claims with multiple primary payers should be sent to Medicare. Although the 837 version 4010 does support both multiple subscriber hierarchical payer information, as found in loop 2000B segment SBR, and additional subscriber information, as found 2320 segment SBR, the Part B shared system, and the Common Working File (CWF), cannot accept different insurance type codes (also known as MSP codes). Only one insurance type code can be sent to the shared system. For this reason, claims with different insurance type codes cannot be sent via the 837version 4010. Hardcopy claims must be sent instead.

MSP Claim Submissions

Submission of Electronic MSP Claims With Multiple Primary Payers, but With Only One Insurance Type Code

Where there is more than one primary payer on a MSP claim and the primary payers identify the same insurance type code for a given claim, or service line, physicians and suppliers can send these claims electronically using the 837version 4010-claim submission format. "Instructions to Physicians and Suppliers" section of this PM provides direction for physicians and suppliers on how to electronically bill Medicare when there are multiple primary payers with only one insurance type code.

The Submission of MSP Claims With Multiple Primary Payers Where There is More Than One Insurance Type Code

Physicians and suppliers must submit hardcopy MSP claims when there is more than one insurance type code. HIPAA states that when there is no method available for the submission of an electronic claim form, the electronic form requirement is waived. When you receive claims with more than one insurance type code, you must send the shared system and CWF the insurance type code associated with the highest other payer total claim payment amount. For example, a Medicare beneficiary sustains injury in a car accident. Five services were performed on the beneficiary. Since the services performed were related to the accident, the automobile insurer (referred to as insurance type code 14) makes a $500.00 payment on each line of the claim totaling $2,500.00. The beneficiary also has coverage through the spouse's employer health plan. The spouse's plan (referred to as insurance type code 12) makes a $400.00 payment on each line of the claim totaling $2000.00. You must send insurance type code 14 (not insurance type code 12) to the shared system and CWF.

Amounts to Send to MSPPAY When There Are Multiple Primary Payer Amounts on Hard Copy Claims

When you receive a hard copy claim with multiple primary payer amounts, do the following:

Primary Payer Paid Amounts: For line level service claims, add all primary payer paid amounts for that service line and send the total line level payment amount to MSPPAY. If only claim level information is sent to Medicare, add all other payer paid amounts for that claim and send the total claim payment amount to MSPPAY.

Primary Payer Allowed Amount: For line level services, use one of the two fields as follows: either the higher of the allowed amount for that service line, or the total of the other payer paid amounts, whichever is higher, and send it to MSPPAY. If only claim level information is sent to Medicare, use one of the two fields as follows: take the total claim level allowed amount, or the total of the paid amount, whichever is higher, and send it to MSPPAY.

Obligated to Accept as Payment in Full Amount (OTAF): For line level services, take the lowest OTAF amount for that service line, which must be greater than zero, and send that amount to MSPPAY. If only claim level information is sent to Medicare, take the lowest claim level OTAF amount, which must be greater than zero, and send it to MSPPAY. (**NOTE:** If submitted charges are lower than the OTAF amount, send the lowest Medicare covered charge for that service line to MSPPAY.)

Claim Example
Below is an example of a hard copy Part B MSP claim with more than one insurance type sent to a Medicare carrier. All services are Medicare covered services.

Payer 1	**Submitted Covered Charges**	**Other Payer Allowed Amount (Medicare Part B only)**	**OTAF**	**Other Payer Paid Amount**
Line 1	$60.00	$60.00	$50.00	$40.00
Line 2	$40.00	$30.00	$30.00	$30.00
Total	$100.00	$90.00	$80.00	$70.00

Payer 2	**Submitted Covered Charges**	**Other Payer Allowed Amount (Medicare Part B only)**	**OTAF**	**Other Payer Paid Amount**
Line 1	$60.00	$50.00	$50.00	$40.00
Line 2	$40.00	$30.00	$0	$30.00
Total	$100.00	$80.00	$50.00	$70.00

Send the following line level other payer amounts to MSPPAY based on the instructions cited above:

Line 1: Other Payer Allowed Amount (Part B): $80.00
OTAF: $50.00
Other Payer Paid Amount: $80.00 (total other payer paid amounts for line1)

Line 2: Other Payer Allowed Amount (Part B): $60.00
OTAF: $30.00
Other Payer Paid Amount: $60.00 (total other payer paid amounts for line2)

Based on the example above, since Payer 2 had no OTAF amount on service line 2 and Payer 1 had an OTAF amount greater than zero on service line 2, Payer 1's OTAF of $30.00 is used and sent to MSPPAY. Since the combined paid amount is higher than the other payer allowed amount for Line 1 and line 2, the paid amounts are sent to MSPPAY in place of the allowed amounts.

Instructions to Physicians and Suppliers

There are situations where more than one primary payer pays on a Medicare Part B claim and Medicare may still make a secondary payment on the claim. Physician and suppliers must comply with Section 1.4.2, titled "Coordination of Benefits," found in the 837 version 4010 Professional Implementation Guide regarding the submission of Medicare beneficiary claims to multiple payers for payment. Providers must follow model 1 in section 1.4.2.1 that discusses the provider to payer to provider methodology of submitting electronic claims. When there are multiple primary payers to

Medicare you must follow the instructions cited below when sending the claim to Medicare for secondary payment.

Submission of Electronic MSP Claims With Multiple Primary Payers, but With Only One Insurance Type Code

Where there is more than one primary payer on a MSP claim and the primary payers identify the same insurance type code (e.g., the claims show two employer group health plans made payment on the claim which is identified as insurance type code 12), physicians and suppliers can send these claims electronically using the 837 version 4010 claim submission format. When sending these types of claims, you must do the following:

Primary Payer Paid Amounts: For line level services claims, physicians and suppliers must add all primary payer paid amounts for that service line and put the total amount in loop ID 2430 SVD02 of the 837. If only claim level information is sent to Medicare, providers and suppliers must add all other payer paid amounts for that claim and place the total amount in loop ID 2320 AMT02 AMT01=D of the 837.

Primary Payer Allowed Amount: For line level services, physicians and suppliers must take the higher of the allowed amount for that service line, or the total of the other payer paid amounts, whichever is higher, and put the amount in loop ID 2400 AMT02 segment with AAE as the qualifier in the 2400 AMT01 segment of the 837. If only claim level information is sent to Medicare, take the higher of the claim level allowed amount, or the total of the other payer paid amounts, whichever is higher, and put the amount in Loop ID 2320 AMT02 AMT01 = B6.

Obligated to Accept as Payment in Full Amount (OTAF): For line level services, physicians and suppliers must take the lowest OTAF amount for that service line, which must be greater than zero, and put the amount in loop 2400 CN102 CN 101 = 09. If only claim level information is sent to Medicare, take the lowest claim level OTAF amount, which must be greater than zero, and put this information in loop 2300 CN102 CN101 = 9.

Submission of Hardcopy MSP Claims With Multiple Primary Payers, but With More Than One Insurance Type Involvement

There may be situations where two or more insurer types make payment on a claim; for example, an auto insurer makes a primary payment on a line of service and, subsequently, a group health plan also makes a primary payment for the same line of service. Claims with more than one insurance type involvement cannot be sent electronically to Medicare. A hardcopy claim must be submitted. Use the current Form CMS-1500 when submitting Part B hard copy claims. Physicians and suppliers must attach the other payers EOB, or remittance advice, to the incoming claim when sending it to Medicare for processing.

The *effective date* for this PM is July 1, 2003.

The *implementation date* for this PM is July 1, 2003.

These instructions should be implemented within your current operating budget.

This PM may be discarded after July 1, 2004.

If you have any questions, contact Richard Mazur at (410) 786-1418 or RMazur@cms.hhs.gov