

To: Home Health Providers

From: CareFirst of Maryland, Inc. – Medicare Part A

Date: January 9, 2004

Subject: Home Health Cost Reporting Process to Accommodate Claims Processing Errors Regarding Supply Charges

I. GENERAL INFORMATION

A. Background:

During the period between October 1, 2002, and June 30, 2003, an error in the Fiscal Intermediary Shared System (FISS) did not allow certain home health prospective payment system (HH PPS) claims to process if the claims contained service lines reporting supply charges. The error affected HH PPS claims with dates of service on or after October 1, 2002, that were subject to partial episode payment (PEP) adjustments or significant change in condition (SCIC) adjustments. In order to make payment for these claims, the Regional Home Health Intermediaries (RHHIs) or home health agencies (HHAs) needed to remove all supply charges.

Initially, supply charges were removed by the RHHIs from a backlog of claims suspended in Medicare systems. Once the backlog was resolved, the RHHIs returned any affected claims to the HHA to remove the supply charges. The HHAs were able to approach this problem in two ways. The HHAs could cease to submit supply charges on any HH PPS claims. This would assure that none of their claims were returned, but it would omit the charges from full episode and low utilization payment adjustment claims that would not otherwise be affected. Alternatively, HHAs could bill as usual and remove the charges only from those claims returned to them by the RHHI. The RHHIs have reported to CMS that a majority of agencies chose this second approach, limiting the impact on supply data primarily to the subset of PEP and SCIC claims.

In CMS and RHHI outreach to providers regarding the error, HHAs were “encouraged to the extent practical” to submit adjustments restoring the supply charges once the error was resolved. Supply charges do not directly affect HH PPS claim payment, but are valuable for use in future research to support HH PPS payment refinements. The CMS encouraged the adjustments because adjustments provide the most complete restoration of the supply data, but did not require them to avoid placing the burden for Medicare’s system error on HHAs.

An additional avenue to recover supply charge data is for HHAs to report supply costs not reported on adjustments via their cost report. Per the requirements below, RHHIs affected by the error will provide instructions to HHAs that they may supplement supply data from their provider statistical and reimbursement (PS&R) system reports with additional information from their records to account for the lost supply charges. Cost reporting staff

from these RHHIs will not adjust down supply charge data on HHA cost reports to match PS&R in order to ensure the additional supply data is not lost in the settlement process.

Associated Hospital Service (AHS) of Maine, the RHHI for many New England HHAs, is not affected by the requirements in this instruction. The AHS was processing claims using the Arkansas Part A Shared System (APASS) during the time period in question and was not affected by the systems error.

B. Policy:

This instruction describes an exceptional process limited in effect to the time period described above. For all other cost reporting periods, existing cost reporting instructions and policies are unchanged.

To review this transmittal in its entirety visit:

http://www.cms.gov/manuals/pm_trans/R37OTN.pdf.

Effective Date: Cost reporting periods that include services rendered from October 1, 2002 through June 30, 2003. Implementation Date: February 2, 2004.

(Source: Publication 100-20 One Time Notification, Change Request 2993, January 2, 2004)

THIS BULLETIN SHOULD BE SHARED WITH ALL HEALTH CARE PRACTITIONERS AND MANAGERIAL MEMBERS OF THE PROVIDER/SUPPLIER STAFF. ALL BULLETINS ISSUED AFTER OCTOBER 1, 1999 ARE AVAILABLE AT NO COST FROM OUR WEB SITE AT www.marylandmedicare.com.