

Program Memorandum Intermediaries/Carriers

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

Transmittal AB-01-61

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CHANGE REQUEST 1591

SUBJECT: Fiscal Intermediary (FI), Durable Medical Equipment Regional Carrier (DMERC) and Common Working File (CWF) Changes Required for Processing Method II Home Dialysis Claims

Program Memorandum (PM) AB-00-96 (CR 1275), dated October 18, 2000, clarified FI and DMERC responsibilities related to processing Method II home dialysis claims for end stage renal disease (ESRD) beneficiaries. This PM issues further instructions to implement the changes mandated by AB-00-96. The revised effective and implementation dates in this PM supersede the April 1, 2001, effective and implementation dates for DMERCs only. The FIs must continue to follow the instructions in effect since October 18, 2000, that we listed in AB-00-96, except for any exceptions noted below. The new FI requirements in this PM will be effective at the same time as the new CWF and DMERC requirements in this PM.

Method Selection and Form HCFA-382

If an ESRD beneficiary chooses to participate in a self-dialysis training course and his or her physician certifies that it is reasonable to expect the beneficiary to complete the training program and self-dialyze on a regular basis, the beneficiary must fill out Form HCFA-382 to choose either Method I or Method II dialysis. Method I dialysis patients receive their home dialysis equipment and supplies from a dialysis facility. Method II patients choose to deal with a home dialysis supplier that is not a dialysis facility. Once a beneficiary has made a method selection choice, the dialysis facility submits the Form HCFA-382 form to the appropriate FI. The FI then enters the information from the form in CWF.

Changes in Method Selection

If a beneficiary decides to change his or her choice of method selection, he or she must fill out a new Form HCFA-382 to indicate the change. The beneficiary may fill out a new method selection form at any time, but in most circumstances, the change will not take effect until January 1 of the following calendar year. If a beneficiary requests an exception to the January 1 implementation date in writing from the FI, the FI may choose to grant his or her request. For examples of situations for which an FI might grant an exception to the January 1 implementation date, see PM AB-00-96.

For purposes of claims processing, DMERC systems must be able to determine the effective date of a beneficiary's method selection choice. Previously, the FIs entered the date of the beneficiary's signature in CWF. We are now requiring the FI to enter the effective date, rather than the signature date, into CWF. It is essential that the FI enter the effective date of a method selection choice, in order to allow for proper claims processing.

Examples

A. A beneficiary decides to change his or her method selection choice from Method I to Method II, and completes a new Form HCFA-382 on October 1, 2002. The beneficiary signs the form on October 1, 2002, and does not request an exception to the January 1 effective date.

In this example, the FI enters an effective date of January 1, 2003, for the beneficiary's change to Method II. The beneficiary remains a Method I patient until January 1, 2003, and the FI continues to process his or her claims with dates of service before that date. The DMERC begins processing

Method II claims for dates of service for the beneficiary on and after January 1, 2003. The beneficiary remains a Method II patient until he or she decides to complete another Form HCFA-382 to change his or her method selection choice.

B. A beneficiary decides to change his or her method selection choice from Method I to Method II and completes a new Form HCFA-382 on October 1, 2002. The beneficiary signs the form on October 1, 2002, and requests an exception to the January 1 effective date. The FI decides to grant the request and grants the beneficiary an effective date of November 1, 2002, for the method selection change.

In this example, the FI enters an effective date of November 1, 2002, for the beneficiary's change to Method II. The beneficiary remains a Method I patient for dates of service before November 1, 2002, and the FI continues to process his or her claims with dates of service before that date. The DMERC begins processing Method II claims for dates of service for the beneficiary on and after November 1, 2002. The beneficiary remains a Method II patient until he or she decides to complete another Form HCFA-382 to change his or her method selection choice.

C. A beneficiary decides to change his or her method selection choice from Method I to Method II and completes a new Form HCFA-382 on October 1, 2002. The beneficiary signs the form on October 1, 2002, and requests an exception to the January 1 effective date. The FI decides to deny the request for an exception to the January 1 effective date.

In this example, the FI enters an effective date of January 1, 2003, for the beneficiary's change to Method II. The beneficiary remains a Method I patient for dates of service before January 1, 2003, and the FI continues to process his or her claims with dates of service before that date. The DMERC begins processing Method II claims for dates of service for the beneficiary on and after January 1, 2003. The beneficiary remains a Method II patient until he or she decides to complete another Form HCFA-382 to change his or her method selection choice.

CWF Changes

In order for us to implement this PM, CWF must make changes to its system. CWF must accept the effective date of a method selection choice, instead of the selection date. CWF must change its system to allow FIs to enter a date that is in the future. CWF will display the effective date of the method selection. In order to ensure proper claims processing, CWF must continue to maintain three iterations of method selection choice.

CWF will also need to pass the method selection information back to the DMERCs via a CWF trailer. The method selection information that CWF must include on the trailer is the effective date of the method selection choice in cyy/mm/dd format, the method selection type (i.e., Method I or Method II), and dialysis type. CWF must also include all other information included on the trailer prior to the implementation of this instruction (i.e., option year, dialysis type, provider number, add date, original date, maintenance date, and maintenance contractor).

DMERC and Viable Information Processing Systems (VIPS) Instructions

The DMERCs and VIPS must be able to modify their systems in order to accept the CWF trailer. The system must also be able to match the method selection effective date to the date of service on the claim, in order to determine whether the beneficiary was Method I or Method II on the date of service. VIPS must make changes to the DMERC standard system so that it will read the CWF trailer and automatically update the BUDSO1 record with the selection date.

Method Selection Information the FIs Enter Prior to October 1, 2001

We are not requiring the FIs to manually go back and update all method selection information that they have already entered. However, if a beneficiary (or his or her designated representative), supplier, facility, or provider notify an FI that claims are being improperly denied due to incorrect

method selection information in CWF, the FI must investigate the complaint and, if applicable, adjust the beneficiary's method selection information in CWF.

Although PM AB-00-96 instructed FIs to enter changes in method selection where the FI granted the exception to the January 1 effective date within 30 days of receipt, CWF will not be ready to accept future dates until October. Therefore, in instances where an FI grants an exception to the January 1 date for a change in method selection, but the new effective date is prior to October 1, 2001, the FI must not enter the method selection change until the effective date of the change. FIs must enter method selection changes with effective dates prior to October 1, 2001, on the day they become effective. If the date of the change falls on a day that is not a business day, FIs may enter the effective date on the business day immediately following the effective date of the change.

The *effective date* for this PM is April 26, 2001.

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

These instructions should be implemented within your current operating budget.

This PM may be discarded after October 1, 2002.

If you have any questions related to DMERC instructions, contact Renée Hildt at (410) 786-1446. If you have any questions related to FI instructions, contact Doris Barham at (410) 786-6146.