
Program Memorandum Intermediaries/Carriers

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

Transmittal AB-03-024

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This Program Memorandum re-issues Program Memorandum AB-02-045, Change Request 2074, dated April 12, 2002. The only change is the discard date; all other material remains the same.

CHANGE REQUEST 2074

SUBJECT: Clarification of the Allocation of Initial Claim Entry Activities Where the Claim is Paid Secondary by Medicare

This Program Memorandum (PM) clarifies which activities should not be charged to Medicare Secondary Payer (MSP) budget.

MSP PRE-PAY ACTIVITIES – (ACTIVITY CODE 22001)

No workload or cost associated to initial claims entry should be charged to the MSP Activity Code 22001. Bill payment activities must be reported to the Program Management Activity Code 11001.

There are two steps to keying the secondary claim in its entirety. The first step covers the keying of the claim as received, not including the attached Explanation of Benefits (EOB)/Remittance Advice (RA). The second step covers the keying of data from the EOB/RA to prepare the claim for entry into claims adjudication and calculation of the Medicare secondary payment at the claim or service line level by the MSPPAY module.

- I. Listed below are initial claim entry activities that should **not** be charged to MSP Activity Code 22001.
 - Receipt, control of claims and attached EOB/RA. Includes open, sort, date stamp, image, Control Number assignment, Optical Character Reader process, batching claims and activation of batches.
 - Preparation of batches for keying. Includes verification that all batches are accounted for and claims are in proper order within the batch.
 - Keying the entire MSP claim into the standard system to begin claims processing.
 - Resolution of all claim entry edits.
- II. Keying payment information from the primary payer's EOB/RA as part of the hard copy claim should **not** be charged to MSP Activity Code 22001. The keying of the EOB/RA brings the hard copy MSP claim to the same status as the receipt of a MSP Electronic Media Claim and preparing the claim for adjudication. The primary payment information is crucial in determining the appropriate amount Medicare should pay as the secondary payer, an amount calculated within the MSPPAY module during claim adjudication.

The following list includes primary payer information that may be present on the EOB/RA or may need to be determined, then keyed, to complete entry of the hard copy claim into the standard system. All costs associated to these functions should be charged to Activity Code 11001. **NOTE:** individual EOB/RAs may use different but similar terms.

Actual Charges	Deductible
Provider Discount	Co-pay/Co-Insurance
Contract Write-off	Non-covered Services
Primary Payer Allowed Amount	Benefits Paid
Primary Payer Paid Amount	Covered Charges
Obligated to Accept as Payment in Full	Withhold

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

The *implementation date* for this PM is April 12, 2002.

These instructions should be implemented within your current operating budget.

This PM may be discarded after March 1, 2004.

If you have any questions, contact Donna Kettish via e-mail at dkettish@cms.hhs.gov;
Subject line should read "AC 22001 Clarification".