

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 271	Date: APRIL 20, 2007
	Change Request 5497

Subject: Recovery Audit Contractor (RAC)/Other Medicare Contractors Claims Mass Adjustments in VIPS Medicare System (VMS)-Analysis and Design

I. SUMMARY OF CHANGES: This CR requires the maintainer to modify the shared systems to allow mass adjustments for claims identified by the RAC/Other Medicare Contractors as overpayments.

New / Revised Material

Effective Date: October 1, 2007

Implementation Date: October 1, 2007

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
N/A	

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2007 operating budgets.

IV. ATTACHMENTS:

One-Time Notification

**Unless otherwise specified, the effective date is the date of service.*

Attachment – One-Time Notification

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SUBJECT: Recovery Audit Contractor (RAC)/Other Medicare Contractors Claims Mass Adjustments in VIPS Medicare System (VMS)- Analysis and Design

Effective Date: October 1, 2007

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I. GENERAL INFORMATION

A. Background: Section 306 of the Medicare Prescription Drug and Modernization Act of 2003 required the Secretary of Health and Human Services to utilize Recovery Audit Contractors (RAC) to identify Medicare underpayments and overpayments and recoup overpayments under the Medicare program for services for which payment is made under part A or B of title XVIII of the Social Security Act.

CMS tasked the RACs with performing claim review to identify Medicare underpayments and overpayments. Once a potential overpayment is identified, the claim must be adjusted to reflect the correct payment. The claim adjustment, the creation of the accounts receivable and the setup of offset occurs by the DMERC or DME MAC.

The RACs have identified large numbers of overpayments. These overpayments can be categorized by claim type or service type. Some of the standard systems allow some user ability to process adjustments on a mass basis; however this has not reduced the number of claims needing adjustment .

B. Policy: N/A

II. BUSINESS REQUIREMENTS TABLE

“Shall” denotes a mandatory requirement

Number	Requirement	Responsibility (place an “X” in each applicable column)									
		A	D	F	C	D	R	Shared-System Maintainers			
/	M	I	A	M	H	F	M	V	C		
B	E		R	R	I	S	S	S	W		
			E	C		S	S	S	F		
			R								
5497.1	The VMS system maintainers will explore ways for the VMS system to efficiently and effectively allow for mass adjustments of similar claim types and/or service types.		X			X			X		
5497.1.1	Mass adjustment is defined as more than one claim of the same type and/or service. Some examples include: 1. A file submitted with HCPCS code xxxxx		X			X			X		

