
CMS Manual System

Pub. 100-08 Medicare Program Integrity

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

Transmittal 105

Date: FEBRUARY 18, 2005

CHANGE REQUEST 2987

SUBJECT: The Medically Unbelievable Edits

I. SUMMARY OF CHANGES: This transmittal communicates the requirements of the medically unbelievable edits to the shared systems maintainers

The VIPS Medicare System (VMS) maintainer and the contractors that use VMS are waived from the requirements of this CR. The CMS will require the VMS maintainer and the contractors that use VMS to comply with this CR at a later time. This Change Request (CR) is for analysis and design only for the Medicare Carrier System (MCS) maintainer. The CMS will issue a second CR for the MCS shared system maintainer and Medicare contractors using MCS for final implementation of the requirements in this CR. The FISS and the FIs are expected to fully implement this CR on the stated date.

NEW/REVISED MATERIAL - EFFECTIVE DATE*: April 1, 2005

IMPLEMENTATION DATE: July 5, 2005

Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. 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 not updated.)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
N/A	

III. FUNDING: Medicare contractors shall implement these instructions within their current operating budgets.

IV. ATTACHMENTS:

	Business Requirements
	Manual Instruction
	Confidential Requirements
X	One-Time Notification
	Recurring Update Notification

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

Attachment – One-Time Notification

Pub. 100-08	Transmittal: 105	Date: February 18, 2005	Change Request 2987
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SUBJECT: The Medically Unbelievable Edits (MUE)

The VIPS Medicare System (VMS) maintainer and the contractors that use VMS are waived from the requirements of this Change Request (CR). The CMS will require the VMS maintainer and the contractors that use VMS to comply with this CR at a later time. This CR is for analysis and design only for the Medicare Carrier System (MCS) maintainer. The CMS will issue a second CR for the MCS shared system maintainer and Medicare contractors using MCS for final implementation of the requirements in this CR. The FISS and the FIs are expected to fully implement this CR on the stated date.

I. GENERAL INFORMATION

A. Background: To lower the Medicare Fee-For-Service Paid Claims Error Rate, CMS is establishing units of service edits referred to below as MUEs. The CMS tasked the correct coding initiative (CCI) contractor with developing these edits. An MUE is defined as an edit that tests claims for the same beneficiary, Health Care Common Procedure Code System (HCPCS) code, dates of service, and billing provider against a criteria number of units of service. The edits auto-deny all units of service billed in excess the criteria number of units of service. The edits do not require that Medicare contractors perform manual review or suspend claims. All services will not have MUE associated with them (e.g., drugs and anesthesia). The MUEs only apply to the services specifically listed in the table of edits.

B. Policy: Beginning April 1, 2005, the CCI contractor will produce a table of MUEs. The table will contain ASCII text and consist of five columns. The first column will contain HCPCS codes (5 positions). The second column will contain the maximum units of service Medicare contractors shall allow per day for the HCPCS code in column one (2 positions with no decimal places). The third column is the Corresponding Language Example Identification (CLEID) Number (12 positions including a decimal point). The CLEID information is for reference only. More information about correspondence language can be found in CMS IOM Pub. 100-9, chapter 5, section 20.12. The fourth column will state the beginning effective date for the edit (7 positions in YYYYDDD format), and the fifth column will state the ending effective date of the edit (7 positions in YYYYDDD format). For example, April 1, 2005, is recorded as 2005091 meaning the 91st day of 2005. The last column will remain blank until an ending effective date is determined. The edits will be distributed as a separate file with the regular CCI edits.

Editing using the MUEs will begin in July of 2005. Medicare contractors shall set MUEs to auto-deny all units of service in excess of the criteria in column 2 of the table of MUEs. Chapter 3, section 5.1, of the Program Integrity Manual, indicates that automated review is acceptable for medically unbelievable cases and apparent typographical errors.

Starting on April 1, 2005, and on a quarterly basis thereafter, the CCI contractor will provide a revised table of MUEs on the CCI WebPages and via Network Data Mover (NDM). Beginning on April 1, 2005, and on a quarterly basis thereafter, the CCI contractor shall send MUEs for Part B to the Outpatient Code Editor (OCE) maintainer for installation into the OCE for hospitals subject to outpatient prospective

payment system bill types 12x and 13x. The OCE will generate the edit for MUEs, which will result in a line item rejection. Six months after implementation the OCE edits will result in denials. The CMS will require all quarterly updates as part of CCI instructions.

The CMS will set the criteria for each MUE high enough that Medicare contractors will not need modifiers to override the edit. Contractors shall handle appeals of the edit limits through the normal CCI edit appeal process by documenting the questions concerning the edit to CCIP@CMS.HHS.GOV. If the CCI contractor agrees with the Medicare contractor, the CCI contractor will change the MUE and implement the revised MUE.

Any other edit that sets number of units criteria lower than the criteria the MUE set for the same HCPCS code, including criteria Medicare contractors set, shall take precedence over the MUE. Medicare contractors are encouraged to continue to develop contractor specific edits for their service area that limit the number of units of service that they allow. The MUEs are a supplement to those edits and not a replacement.

B. Provider Education: Medicare contractors shall post this entire instruction or a direct link to this instruction on the contractor’s Web site and include information about this instruction in a listserv message within 1 week of the release of this instruction. In addition, Medicare contractors shall include the entire instruction their next regularly scheduled bulletin. The CCI contractor will notify Medicare contractors of MUEs and the maximum units of service for each edit. Medicare contractors shall educate their providers as needed.

A provider education article related to this instruction will be available at www.cms.hhs.gov/medlearn/matters shortly after the CR is released. You will receive notification of the article release via the established "Medlearn Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin and incorporated into your outreach activities, as appropriate. Contractors are free to supplement Medlearn Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.

II. BUSINESS REQUIREMENTS

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)									
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other	
						FI	SS	MCS	VMS	CWF	

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
2987.1	Shared systems maintainers shall develop shared system modules to implement the MUEs specified on the CCI website and available via NDM in time for Medicare contractors to begin operating the edits by July 5, 2005.						X			
2987.2	Beginning July 5, 2005, Medicare contractors shall assign MSN message # 15.6, reason code #119 (Benefit maximum for this time period or occurrence has been reached.) and remark code # M53 to claims that fail the MUEs.	X		X						
2987.3	Beginning July 5, 2005, Medicare contractors shall apply MUEs to claims and adjustments with dates of service on or after the beginning effective date of the MUE and on or before the ending effective date of the MUE.	X		X						
2987.4	Medicare contractors shall deny the all units of service that exceed MUE criteria. If the shared system cannot deny any excess units of service, the shared system module shall deny the entire line. If the contractor denies an entire line and some units on the line are payable; the provider may appeal the denial the units the MUE criteria allows. Providers should use the usual appeals mechanism for those appeals.	X		X						
2987.5	The shared system module shall calculate units of service for a service provided over a period of time greater than one day as a per day number rounded to the nearest whole number. The shared system shall for each day in the period deny all units of service greater than the units of service stated in the file. If the shared system cannot deny the excess units of service the shared system module shall deny the entire line.						X			

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CFW	
2987.6	The shared system module shall apply MUEs after all other edits and audits have completed and before the claim is sent CWF.						X			
2987.7	The OPPS-OCE shall apply the MUEs for hospitals subject to the outpatient prospective payment system	X								OCE
2987.8	Medicare contractors shall classify MUEs as PIMR activity code 21001I in PIMR and activity code 11205 in CAFM.	X		X						
2987.8.1	For FIs only, as of January 1, 2006, set up SUPEROP to deny MUE to 5XXXX and classify MUEs as 2101I in PIMR and activity code 11205 in CAFM.	X								
2987.9	Medicare contractors shall post this entire instruction or a direct link to this instruction on the contractor’s Web site and include information about this instruction in a listserv message within 1 week of the release of this instruction.	X		X						
2987.10	Contractors shall post the Medlearn Matters article, or a direct link to the Medlearn Matters article, on their Web site and include information about it in a listserv message within one week of the availability of the Medlearn Matters article. In addition, the Medlearn Matters article shall be included in your next regularly scheduled bulletin and incorporated into your outreach activities, as appropriate.	X		X						
2987.11	Medicare contractors shall include the entire instruction in their next regularly scheduled bulletin.	X		X						

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

IV. SCHEDULE, CONTACTS, AND FUNDING

<p>Effective Date: April 1, 2005 Implementation Date: July 5, 2005</p> <p>Pre-Implementation Contact(s): Nathan Beck (410) 786-5657 John Stewart (410) 786-1189 Melanie Combs (410) 786-7683 Marsha Mason-Wonsley (410) 786-9375 Val Allen (410) 786-7443</p> <p>Post-Implementation Contact(s): Nathan Beck (410) 786-5657 John Stewart (410) 786-1189 Melanie Combs (410) 786-7683 Marsha Mason-Wonsley (410) 786-9375 Val Allen (410) 786-7443</p>	<p>Medicare contractors shall implement these instructions within their current operating budgets.</p>
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