National Committee on Vital and Health Statistics

Medicare Fee For Service
and
Claims Attachments

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AGENDA

- **Medicare's current attachment process**

- **Benefits of electronic claim attachments**

- **Medicare's perspective on the future attachment process**

- **Medicare's attachment enhancements**

- **Summary**

Medicare's Current Claims Volume and Attachments

- 2010 annual claims volume:

  - Part A

    - 187 M claims
    - 99.9% electronic using the 837-I

  - Part B

    - 982 M claims
    - 97.5% electronic using the 837-P

Medicare's Current Attachment Process

- An Attachment is additional documentation that supports the adjudication of a claim

- Most Common Areas Requiring Attachments

  - Pre-payment
    - Medical Review
    - Provider Review

  - Post Payment
    - Recovery/Audit
    - Appeals

Medicare's Current Attachment Process

- Medicare issues Additional Documentation Requests (ADRs) to providers

- An ADR is a solicited attachment via mailed letter

- Medicare Administrative Contractors (MACs) receive Attachments via
  - Fax
  - Mail
  - Electronic Submissions (1 Pilot)

Medicare's Current Attachment Processing Cost

- 2010 data was used to estimate processing costs
  - 1M claims across all MACs are subject to *complex review**
  - Cost to send an ADR ($0.71) was approximately **$923K**
  - The cost to receive Attachments at the MAC and prepare for Medical Review (manual process) was approximately **$32.5M**
    - Cost estimated at $0.50 per page for mailroom handling, scanning
    - Average Attachment estimated at 65 pages (actual range was1 – 800 pages per claim)

- This example shows an estimated cost avoidance of $33M annually when mailed documents can be replaced with an electronic exchange

*Excludes RAC, CERT, ZPICs.

Medicare's Current Attachment Process
Attachment Submission Models

- ## Solicited Model
  - An edit on the claim stops adjudication and an ADR is generated.
  - Providers must send in the solicited attachments
  - Claims examiners then use the attachment information to complete adjudication.

- ## Unsolicited Model
  - Providers send in all attachment information that they think is necessary for claim adjudication. Unsolicited attachments can come in via faxes, mail, or electronic submissions (pilot program).

Benefits of Electronic Claim Attachments

- ## Reduced cost
  - Eliminate payers print/mail operation for ADR letters
- ## Improved timeliness
  - Removing payer and provider mail room operations from the workflow can improve delivery of the ADR and its response
- ## Improved A/R cycles for providers due to less time going back and forth with attachments

Medicare's Attachment Enhancements

- Planned enhancements prior to the attachments Final Rule
  - Contractors will accept faxed or mailed <u>unsolicited</u> attachments only for electronic claims submitted with a valid PWK segment. CMS is also exploring this via esMD.
  - Providers will utilize specially designed cover sheets which must be used to submit the attachments
  - Attachments will be imaged and stored for use in claims adjudication
  - Attachments will only be considered when a claim suspends against an existing edit/audit
  - **Claims examiners will not review unsolicited attachments data simply because it was submitted**
  - PWK is scheduled for implementation on or after April 2012
- These enhancements do not apply to paper claims. They will continue to be processed as they are currently.

Summary

- In addition to the esMD model workflow from HIH to the CMS Gateway, it is strongly recommended to designate the HIPAA EDI standard Transaction and Code Sets for use over the current EDI pathways already in operation between provider and MAC (payer).

- A simple standard based on images and limited text could achieve early economies and also serve to identify the need for coded attachments – the next step toward automated Attachment processing.

Summary

- ## Considerations for NCVHS action:

  - NCVHS recommends to HHS that an Operating Rule authoring entity be named now so that resources can be active in the designated work groups. The Operating Rule can be considered in conjunction with the attachment implementation standards.

  - NCVHS requests X12 to simplify the 837 claim transaction and enforce consistency of data content and its location across the professional and institutional versions of 837 where possible.

  - There is considerable interdependency between HL7, X12 and Operating Rules. Each SDO is based on volunteer efforts to develop and sustain the standards. There is a shortage of skilled volunteers to complete the work for an Attachment standard and prepare for HIPAA-next. Have we come to a point where industry is moving faster than the current SDO structures, based upon volunteer efforts, can accommodate?