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CMS
Information for Medicare Fee-For-Service Health Care Professionals

Related Change Request (CR) #: 3500

MLN Matters Number: MM3500

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Related CR Transmittal #: 443

Effective Date: July 1, 2005

Implementation Date: July 5, 2005

Note: This article was updated on February 4, 2013, to reflect current Web addresses. All other information remains unchanged.

Unprocessable Unassigned Form CMS-1500 Claims

Provider Types Affected

Physicians, providers, and suppliers who bill Medicare carriers, including Durable Medical Equipment Regional Carriers (DMERCs)

Provider Action Needed

No provider action is needed. This instruction makes necessary changes to assure consistency in the handling of Medicare Part B claims and that HIPAA noncompliant data is not transmitted to Coordination of Benefits (COB) trading partners.

Provider Impact

Formerly, unassigned claims were denied with appeal rights. However, this instruction notifies physicians, providers and suppliers that unassigned Centers for Medicare & Medicaid Services (CMS) Form 1500 claims and electronic interface equivalents that are incomplete or contain invalid information will be returned as unprocessable to the submitters for correction or resubmission. It is important to note that as an unprocessable, when the claim is returned, there are no appeal rights.

When the claims are corrected and then processed, electronic crossover claims can be sent to COB trading partners that are HIPAA compliant and the COB secondary payer claims can be processed for Medicare beneficiaries.

Background

The *Medicare Claims Processing Manual* (Pub. 100-04) provides instructions for handling Medicare claims, including Part B Form CMS-1500 claims that have incomplete or invalid information. Such claims are to be returned without appeal rights. See Pub. 100-04, Chapter 1 (General Billing Requirements), Section 80.3.1 (Incomplete or Invalid Claims Processing Terminology) at **http://www.cms.gov/manuals/downloads/clm104c01.pdf** on the CMS website.

Currently, the instructions for Form CMS-1500 claims are:

- Specified to apply only to assigned Part B claims, and
- Silent as to unassigned CMS-1500 claims.

As a result, many Part B carriers and DMERCs have been denying unassigned CMS-1500 claims with appeal rights and not returning these claims as unprocessable without appeal rights.

In addition, when denying these claims, the carriers/DMERCs have been sending to COB secondary

payers electronic crossover claims containing Health Insurance Portability and Accountability Act of 1996 (HIPAA) noncompliant claims data (such as diagnosis codes and procedure codes that are not part of the standard code sets).

Under HIPAA rules, COB trading partners are not required to process claims that are not HIPAA compliant, and in claims with multiple service lines, the entire claim might be rejected. The inclusion of HIPAA
noncompliant data has resulted in some COB trading partners refusing to process such crossover claims for Medicare beneficiaries.

Additional Information

The *Medicare Claims Processing Manual* (Pub. 100-04), Chapter 1 has been revised and is included as an attachment to the official instruction released to your carrier. You may view that instruction at **http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R505CP.pdf** on the CMS website.

If you have any questions, please contact your carrier/DMERC at their toll-free number found at **http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html** on the CMS website.