



M E M O R A N D U M

DATE: December 21, 2000

TO: CAA MEMBERS

FROM: David A. Nevins, President

RE: MEDICARE BILLING UPDATE

As reported to you last week, NHIC began processing claims for providers who formerly billed to Transamerica on November 15, 2000. In transitioning provider profile information to their system, NHIC adopted the prevailing IIC rate as the allowable for these providers instead of the Customary IIC rate under which Transamerica had paid.

Immediately, the CAA contacted NHIC and HCFA Region IX requesting immediate reconsideration of NHIC's adoption of the prevailing IIC. In response, NHIC suspended claims processing for those providers effective until HCFA could give them further guidance.

CAA maintained for numerous reasons that NHIC was mistaken in adopting the prevailing IIC as the payment rate for the providers formerly billing Transamerica. Last week, representatives from HCFA Region IX appeared to agree with CAA's position and notified me that they had directed NHIC to restore these providers' customary IIC as the correct payment rate.

They additionally reported that NHIC should have finished with this process no later than Thursday, December 14, 2000 and had already begun processing those claims that were suspended.

Today, after further discussions with HCFA, they have indicated that they are reviewing each individual providers rate schedule to determine the appropriate rate and that this process is taking considerably longer than originally anticipated by HCFA. While this process continues, HCFA has directed NHIC to release claims that had been on suspense, even if they are underpaid. Those claims paid with the incorrect prevailing IIC will be internally adjusted by NHIC. **Do not resubmit these claims.**

You should see a substantial increase in your claims processed beginning today.

Following is language from NHIC on this issue that was approved by HCFA and which is being disseminated to providers in memo form this week.

Thank you for your time and attention to this matter.

MEMO FROM NHIC

Dear Supplier,

Because of the recent transition from Transamerica to NHIC, your payments for some recently processed claims may be different from the amount you may have been expecting. We want to let you know that we are aware of this situation and are working with HCFA to determine the correct level of payment. We will notify you once the situation has been resolved. Thank you in advance for your patience and cooperation.

Please let us know if you have any questions.

Thank You.

Kathy Montoya
Education and Training Specialist
(213) 741-7389