



**STATE OF HAWAII**  
**DEPARTMENT OF HUMAN SERVICES**  
Med-QUEST Division  
Health Coverage Management Branch  
P. O. Box 700190  
Kapolei, Hawaii 96709-0190

December 7, 2007

ACS M07-23

TO: Medicaid Facility Chief Financial Officers

FROM: Lois Lee, Acting Med-QUEST Division Administrator *ll*

SUBJECT: CHANGES TO MEDICARE PAYMENT METHODOLOGIES

This memorandum is to inform you that effective November 8, 2007, the Med-QUEST Division (MQD) has changed the methodology used to reimburse Medicare coordinated claims for acute inpatient and outpatient services processed for Medicaid Fee-For-Service (FFS) recipients dually eligible for Medicare and Medicaid in accordance with the Hawaii Administrative Rules. These changes have been discussed with you by Ann Kinningham, Financial Officer, MQD, and Brian Pang over the past year. Discussions have been held to inform you of the impending change as we realize that this represents a significant change for your facility.

The changes will apply to all inpatient and outpatient Medicare coordinated claims with dates of service after September 1, 2003 and billed on institutional claims (UB92/UB04 or 837I). The new methodology will apply to all claims paid or adjusted on or after November 8, 2007.

Claims paid prior to November 8, 2007 will be reprocessed according to the new payment methodology. These recycled claims will be reflected in your facility's weekly remittance advice (RA) beginning December 7, 2007. The State will also provide a separate weekly electronic file with information on adjustments made to the reprocessed claims. However, due to an isolated issue with the remittance advice, a small number of the claims will incorrectly show a take back on the RA. Although these claims show a take back on the RA, your actual check amount will not reflect the take back. Facilities should use the weekly electronic file instead of the RA to reconcile the reprocessed claims. If you feel that you have encountered such a take back on a Medicare crossover, you can contact the ACS helpdesk with the CRN to validate that the true payment status is approved and paid zero. Please notify your business office staff that these adjustments will be reflected beginning on your December 7, 2007 RA.

ACS Memo #M07-23

December 7, 2007

Page 2

Should you have any questions regarding this memorandum, please contact Ann Kinningham, Med-QUEST Financial Officer, at 692-7956.

c: Ann Kinningham  
Randy Chau  
Jon Fujii  
Brian Pang