



## **Update on Medicare claims processing**

By statute, Medicare electronic physician claims may not be paid sooner than 14 days after the date of submission, nor can “clean” electronic claims be paid any later than 30 days after the date they are submitted. (Paper claims are paid after the 29th day.)

The Secretary of Health and Human Services announced on June 27 that the Centers for Medicare and Medicaid Services (CMS) had instructed its carriers not to process any physician or non-physician practitioner claims for the first 10 business days of July. According to HHS, this “hold” on claims meant that no payments reflecting the 10.6 percent pay reduction that took effect on July 1 would occur before July 15, at the earliest.

CMS also indicated that it did not have the capacity to hold more than 10 days of claims. The hold was a rolling 10-day hold; therefore, with claims submitted the first days of the hold being processed on the 11<sup>th</sup> day of the hold, claims submitted the second day being processed on the 12<sup>th</sup> day, etc. The first payments on claims that physicians would have received reflecting the 10.6 percent reduction would occur on or after July 15.

**Now that Congress has passed a law reversing the cuts retroactive to July 1<sup>st</sup>, Medicare carriers are switching their systems back to the June 2008 rates (and increasing rates for certain mental health services). Some carriers may already have posted the new, correct rates, but others could take a week or more. CMS has stated that it will automatically reprocess any claims paid at the reduced rates and provide the balances due to physician practices that are shortchanged, most likely as a single batched check.**

The new law makes other important changes as well, such as reinstating the therapy caps exceptions process as of July 1st. Claims submitted with the therapy cap exception modifier will be processed as soon as the new payment rates have been activated. Claims submitted without the modifier, and rejected or denied, can be resubmitted with the modifier for reimbursement. In addition, the Durable Medical Equipment Competitive Bidding Program, which affects 10 competitive bidding areas, has been delayed. Medicare beneficiaries may use any Medicare-approved supplier for Durable Medical Equipment.