



**Commonwealth of Massachusetts**  
**Executive Office of Health and Human Services**  
**Division of Medical Assistance**  
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**MassHealth**  
**Chronic Disease and Rehabilitation**  
**Inpatient Hospital Bulletin 85**  
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**TO:** Chronic Disease and Rehabilitation Inpatient Hospitals Participating in MassHealth  
**FROM:** Beth Waldman, Acting Commissioner *Beth Waldman*  
**RE:** **Electronic Claim Submissions for Members with Medicare and Commercial Insurance**

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**Background**

This bulletin transmits billing instructions for submitting 837I transactions for members whose Medicare and/or commercial insurance benefits do not cover the transaction or that have been exhausted. The implementation of the Health Insurance Portability and Accountability Act (HIPAA) of 1996 allows all coordination-of-benefits claims to be submitted electronically on the 837 transaction. The information in this bulletin contains specific MassHealth billing guidelines, which are not described in the HIPAA Implementation Guide for the 837I transaction.

**Providers should continue to follow the billing instructions in Chronic Disease and Rehabilitation Inpatient Hospital Bulletin 82, dated June 1999, for paper-claim submissions.**

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**Medicare Claims**

Inpatient hospital claims for dually eligible members must be billed to Medicare if and when benefits are available. Once Medicare indicates that the member does not have benefits available, providers may submit an 837I transaction for the noncovered services to MassHealth. The provider must populate the transaction with one of the condition codes listed in this bulletin to describe the reason for noncoverage. Subsequent services may be billed using the condition codes in lieu of billing Medicare, as long as benefits are not available.

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**Medicare Claims** (cont.)

Providers must continue to bill Medicare for all Part B ancillary services and physician services associated with the inpatient stay before billing MassHealth for the noncovered Part A services. Any MassHealth payment of the Medicare Part B crossover claims will continue to be processed automatically as a Part B crossover submitted to MassHealth by the Medicare intermediary.

Once Medicare approves the Part B charges, the provider may bill the Part A noncovered/exhausted charges to MassHealth. The sum of the Medicare Part B payment(s), plus the coinsurance and deductible amount(s) for the Part B charges, must be populated in the Payer Prior Payment field in the Other Subscriber information loop (2320-AMT02, where 2320-AMT01 = C4) of the 837 transaction.

In these circumstances, **the provider must also populate the other payer loops** (2320 and 2330) in the transaction with Medicare's information and the value of 084 as the MassHealth-assigned carrier code for Medicare in 2330B-NM109 (Other Payer Name – Other Payer Primary identifier). Do not populate any insurance payments, coinsurance, or deductible in the other payer loops (2320 and 2330) in the transaction. Payment amounts indicated in the transaction for Medicare Part B charges would be an exception to this rule and should be populated as described above.

Providers must bill Medicare if and when benefits become available (such as at the beginning of a new benefit period or a change in a member's medical condition that could result in benefit coverage) and discontinue the use of condition codes.

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**Commercial  
Insurance**

Inpatient hospital claims for members with commercial insurance must be billed to the insurer for payment before billing MassHealth. Once the insurer indicates that the member does not have benefits available, providers may submit an 837I transaction for the noncovered services to MassHealth in accordance with any service limitations contained in 130 CMR 435.000. The provider must populate the transaction with one of the condition codes listed in this bulletin to describe the reason for noncoverage. Subsequent services may be billed using the condition codes in lieu of billing the insurer as long as benefits are not available from the commercial insurer.

In these circumstances, the provider must populate the other payer loops (2320 & 2330) in the transaction with the insurance information and the appropriate MassHealth-assigned carrier code for that insurance in 2330B-NM109 (Other Payer Name – Other Payer Primary identifier). Do not populate any insurance payments, coinsurance, or deductible in the other payer loops (2320 & 2330) in the transaction.

Providers must submit a bill to the insurer if and when benefits become available (such as at the beginning of a new calendar year, new benefit period, or change in a member's medical condition resulting in benefit coverage) and discontinue the use of condition codes.

(Note: The MassHealth-assigned carrier codes are available in Appendix C of all provider manuals or at [www.state.ma.us/dma/providers/supp\\_info/supp-info\\_IDX.htm](http://www.state.ma.us/dma/providers/supp_info/supp-info_IDX.htm). Additional carrier code transaction details are described in the MassHealth Companion Guide ([www.mahealthweb.com/HIPAA\\_Testing.htm](http://www.mahealthweb.com/HIPAA_Testing.htm)).

**Condition Codes**

The following condition codes may be used to indicate the reason the insurance is not covering the service. The Division will allow providers to use condition codes to override Medicare and/or commercial insurance coverage only in the following circumstances.

<b>Condition Codes</b>	<b>Condition Code Description</b>	<b>Allowed for Medicare?</b>	<b>Allowed for Commercial Insurance?</b>
Y0	Benefits exhausted for the calendar year	No	Yes
Y1	Benefit maximum has been reached	Yes	Yes
Y8	Services do not meet the skilled level of care	Yes	Yes

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***Monitoring***

Providers **must** retain a copy of the insurance explanation of benefits, remittance advice and/or the Medicare notice of noncoverage in the members file. The Division may request insurance billing records for auditing purposes to ensure that, among other things, providers are using the condition codes appropriately.

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***Questions***

If you have any questions about the information in this bulletin, please contact MassHealth Provider Services at 617-628-4141 or 1-800-325-5231.

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