

November 28, 2007

Re: Medicare HIGLAS Transition

Dear Medicare Provider/Supplier:

Effective December 7, 2007, Wisconsin Physicians Service (WPS) Medicare will be transitioning our Part B financial accounting system from the Multi-Carrier System (MCS) to the Healthcare Integrated General Ledger Accounting System (HIGLAS). This transition involves **only** our financial accounting system. **We will continue to use MCS for all of our claims processing activities.**

Implementation of HIGLAS will enable the Centers for Medicare & Medicaid Services (CMS) to track Medicare payments and to accurately pay claims for over 40 million Medicare beneficiaries. The transition will also provide CMS with enhanced oversight of contractors' accounting systems, as well as access to more accurate, timely, and consistent data for decision-making and for performance evaluations.

The purpose of this letter is to explain the impact that the WPS Medicare HIGLAS transition will have on your organization's Medicare payments. It also provides a detailed transition timeline, revised payment schedules, and other important information regarding upcoming changes. In an attempt to make the transition as smooth as possible, we are providing you with this information to ensure minimal disruption in your Medicare payments.

We ask that you please take time to carefully read this information and that you share it with the appropriate staff in your organization.

Introduction to HIGLAS

A brief Mediasite recording about HIGLAS is available on the WPS Medicare Website. To access the recording, select *HIGLAS* on our home page at www.wpsmedicare.com.

Updates regarding our HIGLAS implementation will be available in the future by accessing the WPS Medicare Website at www.wpsmedicare.com and selecting *HIGLAS*. Additional information about HIGLAS will be issued in our electronic mail lists and published in our *Communiqué* newsletter.

Temporary Waiver of the Claims Processing Payment Floor

CMS has approved WPS Medicare waiver request to reduce the payment floor for both paper and EDI claims. Beginning December 5, 2007 the payment floor will be reduced to zero for both

EDI and paper claim, and payments will be released for claims that have already been approved for payment.

This temporary reduction of the payment floor will result in payments being issued early (checks and Electronic Funds Transfers {EFTs}). This may give the appearance that your cash revenues have increased when in fact payments for some of your claims may have simply been made earlier than normal. Providers are encouraged to monitor their payments and make adjustments as necessary to prevent cash flow problems during the transition period.

HIGLAS Transition Activities

On December 6, 2007 WPS Medicare will run our last MCS payment cycle and begin the HIGLAS transition. (See WPS Medicare HIGLAS Transition Timeline below.)

- Waiver of the payment floor will result in claim payments (checks and EFTs) being issued earlier than normal.
- Providers are encouraged to continue submitting claims as normal.
- Following our transition to HIGLAS, WPS Medicare will resume normal scheduled payments.
- Distribution of Remittance Advices (RAs) will resume the week of December 10, 2007.

HIGLAS Remittance Advices

WPS Medicare will not be issuing payments from December 7, 2007 through December 9, 2007. Electronic Remittance Advices (ERAs) and paper RAs will not be available. WPS Medicare will resume normal payment cycles and issuance of payments on December 10, 2007, at which time providers will be able to retrieve their ERAs.

Wisconsin Physicians Service Medicare HIGLAS Transition Timeline

<i>Date</i>	<i>Action</i>
12/05/2007	Release payments for all claims already approved to pay
12/06/2007	Last MCS payment cycle (payment floors reduced to zero)
12/10/2007	HIGLAS transition begins
12/07/2007 to 12/09/2007	No payments will be issued - ERAs and paper RAs are not produced
12/10/2007	HIGLAS transition completed – payment floors reinstated
12/10/2007	Production & distribution of ERAs and paper RAs resume
12/10/2007	Begin processing backlogged files and issuing payments
December, 2007	Providers may experience a significant reduction in payments due to the early claim payments issued immediately prior to the transition. Providers need to monitor and manage their cash flows during this time period.

CHANGES PROVIDERS WILL SEE AS A RESULT OF HIGLAS

- **Remittance Advice (RA) Change**

The RA will display WPS Medicare's two digit plan code 62 in front of the claim Internal Control Number (ICN) as shown below.

ICN Example: 681428122749300

- **Claim Payments Less than \$1.00**

Current CMS instructions require carriers to hold claim payments of less than \$1.00 until another payment greater than \$1.00 is generated and then to combine the two payments. Payments less than \$1.00 will now be issued because HIGLAS functionality at this time will not suppress these payments.

- **Claims and Refund Payments Subject to a Hold, e.g., Do Not Forward (DNF), Bankruptcy, and Payment Suspension**

Providers may be placed on a hold due to a forwarding address, bankruptcy, and payment suspension. Currently, the holds are applied to the net payment after any eligible overpayment receivables have been offset. In HIGLAS, the holds will be applied at the claim level. As a result, the held money will not be applied to eligible receivables until the hold has been released.

- **Claims and Refund Payments Subject to Third Party Payer (TPP) Offset, e.g., IRS Backup Withholding**

A provider payment may be subject to offsetting to a third party, such as the IRS. In the current environment, when a provider is subject to TPP, a provider check is pulled and the payment is remitted to the third party but no notification is provided on the RA. HIGLAS will communicate a TPP offset of a provider's payment on the provider's RA.

HIGLAS Impact on Claims Processing

Currently, our online system is available on Federal holidays and WPS Medicare processes claims on some Federal holidays. After transitioning to HIGLAS, our online system will continue to be available but claims will no longer be processed on Federal holidays. There will be no change to provider payments because WPS Medicare currently does not issue checks or EFTs on Federal holidays.

For further information, please visit our Website by selecting *HIGLAS* from our home page at www.wpsmedicare.com. If you have any questions regarding the information contained in this letter, please contact our Provider Customer Service Call Center. The toll free number is (866) 234-7331.