CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-04 Medicare Claims Processing	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 1601	**Date: SEPTEMBER 19, 2008**
	Change Request 5974

Subject: Update to Chapter 24 of the Claims Processing Manual

I. SUMMARY OF CHANGES: This change request clarifies instructions in Pub. 100-04, chapter 24, section 40.7 related to electronic payments to Medicare providers, suppliers, physicians, non-physician practitioners, and suppliers of durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) (hereinafter collectively referred to as "providers").

New / Revised Material
Effective Date: October 20, 2008
Implementation Date: October 20, 2008

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
R	24/40.7/Electronic Funds Transfer (EFT)

III. FUNDING:
SECTION A: For Fiscal Intermediaries and Carriers:
No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

SECTION B: For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Business Requirements

Manual Instruction

**Unless otherwise specified, the effective date is the date of service.*

Attachment - Business Requirements

Pub. 100-04	Transmittal: 1601	Date: September 19, 2008	Change Request: 5974

SUBJECT: Update to Chapter 24 of the Claims Processing Manual

Effective Date: October 20, 2008

Implementation Date: October 20, 2008

I. GENERAL INFORMATION

A. Background: This change request clarifies instructions in Pub. 100-04, chapter 24, section 40.7 related to electronic payments to Medicare providers, suppliers, physicians, non-physician practitioners, and suppliers of durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) (hereinafter collectively referred to as "providers.") In sum, section 40.7 is being updated to reflect the instructions in Pub. 100-08, chapter 10, section 8 regarding electronic funds transfer (EFT).

B. Policy: The purpose of this change request is to ensure that proper guidance is furnished to contractors on the aforementioned subject.

II. BUSINESS REQUIREMENTS TABLE

Use"Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
5974.1	Once a provider begins to receive Medicare payments via EFT, the contractor shall not issue any routine, ongoing payments to the provider via check. (For purposes of this instruction, the term "routine, ongoing payments" means those payments that are not considered to be "special payments," as that latter term is used in section 4 of the CMS-855 application.) This means, therefore, that - with the exception of special payments – a provider that receives payments via EFT must continue to receive payments via EFT and cannot switch back to receiving paper checks; the contractor shall not approve any requests to change the provider's payment method from	X	X	X	X	X					

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
	EFT to check.										
5974.1.1	The contractor shall note that an exception to the process described in business requirement 5974.1 is when CMS is implementing a new MAC and moving workload from existing intermediaries and carriers to the MAC.	X	X	X	X	X					
5974.1.2	In the situation described in business requirement 5974.1.1, the incoming MAC shall obtain and retain a signed CMS-588 from each provider, physician, or supplier requesting EFT.	X	X	X	X	X					
5974.1.3	In the situation described in business requirement 5974.1.2, as cutover approaches the MAC is expected to follow up and personally contact those providers who have not returned a completed CMS-588, especially the high volume submitters.	X	X	X	X	X					
5974.1.4	In the situation described in business requirement 5974.1.3, the incoming MAC shall not stop any provider/supplier's EFT for lack of a new CMS-588 until authorized by CMS to do so.	X	X	X	X	X					
5974.1.5	In the situation described in business requirement 5974.1.4, if - after all efforts have failed - the provider does not submit a new CMS-588, the MAC at the direction of CMS shall issue and mail a paper check.	X	X	X	X	X					
5974.1.6	In the situation described in business requirement 5974.1.5, the contractor shall note that provider or supplier pick-up of checks, next day delivery, express mail, and courier services are not allowed unless there exists a special situation that is approved by CMS.	X	X	X	X	X					
5974.2	Note that the contractor shall abide by the instructions in Pub. 100-08, chapter 10, sections 4.4 and 8 on all provider enrollment issues relating to EFT.	X	X	X	X	X					

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
	None.										

IV. SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below: N/A

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: For all other recommendations and supporting information, use this space: N/A

V. CONTACTS

Pre-Implementation Contact(s): Frank Whelan, (410) 786-1302, frank.whelan@cms.hhs.gov.

Post-Implementation Contact(s): Frank Whelan, (410) 786-1302, frank.whelan@cms.hhs.gov.

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs), Carriers, and Regional Home Health Intermediaries (RHHIs):* No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

Section B: *For Medicare Administrative Contractors (MACs)*:

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

40.7 – Electronic Funds Transfer (EFT)

(Rev. 1601; Issued: 09-19-08; Effective/Implementation Date: 10-20-08)

EFT is the required method of Medicare payment for all providers entering the Medicare program for the first time and *for existing providers that are submitting a change to their existing enrollment data but are not currently receiving payments via EFT.*

Once a provider begins to receive Medicare payments via EFT, the contractor shall not issue any routine, ongoing payments to the provider via check. (For purposes of this instruction, the term "routine, ongoing payments" means those payments that are not considered to be "special payments," as that latter term is used in section 4 of the CMS-855 application.) This means, therefore, that - with the exception of special payments – a provider that receives payments via EFT must continue to receive payments via EFT and cannot switch back to receiving paper checks, even in cases of a MAC transition or other CMS-initiated action. Medicare contractors shall not approve any requests to change the provider's payment method from EFT to check.

An exception to this process is when CMS is implementing a new MAC and moving workload from existing intermediaries and carriers to the MAC. The incoming MAC shall obtain and retain a signed CMS-588 from each provider, physician, or supplier requesting EFT. As cutover approaches, the MAC is expected to follow up and personally contact those providers who have not returned a completed CMS-588, especially the high volume submitters. The incoming MAC shall not stop any provider/supplier's EFT for lack of a new CMS-588 until authorized by CMS to do so. If, after all efforts have failed, the provider does not submit a new CMS-588, the MAC- at the direction of CMS - must issue and mail a paper check. Provider or supplier pick-up of checks, next day delivery, express mail, and courier services are not allowed unless there exists a special situation that is approved by CMS.

Note that the contractor shall abide by the instructions in Pub. 100-08, chapter 10, sections 4.4 and 8 on all provider enrollment issues relating to EFT. This includes the requirement that carriers, A/B MACs, FIs, and RHHIs compare the information and signature on the provider's Form-CMS-588 (Electronic Funds Transfer Authorization Agreement), to that on the provider's CMS-855 form on file. For changes of information, DME MACs shall verify the authorized official on the CMS 855.

A carrier, A/B MAC, DME MAC, FI or RHHI shall use a transmission format that is both economical and compatible with the servicing bank. If the money is traveling separately from an X12 835 transaction, then contractors shall use National Automated Clearinghouse Association (NACHA) format CCP (Cash Concentration/Disbursement plus Addenda –CCD+) to make sure that the addenda record is sent with the EFT. Providers need the addenda record to reassociate dollars with data. Carriers, A/B MACs, DME MACs, FIs, and RHHIs shall transmit the EFT authorization to the originating bank upon the expiration of the payment floor applicable to the claim. They shall designate a payment date (the date on which funds are deposited in the provider's account) of two business days later than the date of transmission.