

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-06 Medicare Financial Management</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal199</b>	<b>Date: November 4, 2011</b>
	<b>Change Request 7419</b>

**SUBJECT: Instructions for Processing Physicians and other Suppliers Debts that have been Confirmed as Identity Theft**

**I. SUMMARY OF CHANGES:** The Centers for Medicare and Medicaid Services (CMS) is addressing instances of Identity Theft confirmed by the Investigating Unit (IU). For purposes of this instruction, the IU may be the Program Safeguard Contractor (PSC), Zone Program Integrity Contractor (ZPIC), or the CMS Center for Program Integrity (CPI). For purposes of this instruction, the Physician and other Supplier will be referred to as Provider.

**EFFECTIVE DATE: December 5, 2011**  
**IMPLEMENTATION December 5, 2011**

*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/revise 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.

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
R	4/Table of Contents
N	4/110 Confirmed Identity Theft
N	4/110/1 IRS Form 1099 MISC
N	4/110/2 Seized Monies Received from Law Enforcement

**III. FUNDING:**

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

**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

<b>Pub. 100-06</b>	<b>Transmittal:199</b>	<b>Date: November 4, 2011</b>	<b>Change Request: 7419</b>
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**SUBJECT: Instructions for Processing Physicians and other Suppliers Debts that have been Confirmed as Identity Theft**

**Effective Date: December 5, 2011**

**Implementation Decembe 5, 2011** I. GENERAL INFORMATION

**A. Background:** The Centers for Medicare and Medicaid Services (CMS) is addressing instances of Identity Theft confirmed by the Investigating Unit (IU). For purposes of this instruction, the IU may be the Program Safeguard Contractor (PSC), Zone Program Integrity Contractor (ZPIC), or the CMS Center for Program Integrity (CPI). For purposes of this instruction, the Physician and other Supplier will be referred to as “Provider”.

**B. Policy:** The contractor shall take the following actions when a case of confirmed identity theft is received in writing from the IU. At the minimum, the IU must provide the following information with each confirmed case, but not limited to the name of victim provider, provider number and/or the National Provider Identifier (NPI), dates of fraudulent activities, dates of service and the type of claims. Initiate actions to stop debt collection processes against the victim provider for those claims/debts related to the confirmed identity theft:

**NOTE:** For purposes of this instruction, claims related to the confirmed identity theft will be referred to as “affected claims.”

## II. BUSINESS REQUIREMENTS TABLE

Number	Requirement	Responsibility (place an “X” in each applicable column)								
		A /B M A C	D M E M A C	FI	C A R R I E R	R H I	Shared-System Maintainers			
						FISS	MCS	VMS	CWF	
7419.1	The contractor shall stop the collection efforts when it receives confirmation that include sufficient information related to the identity theft against the victim provider for all affected claims identified by the IU as related to the identity theft.	X	X		X					
7419.1.1	The contractor shall stop the collection efforts using the information required from the IU; at the minimum shall include; name of victim provider, provider NPI number, dates of fraudulent activities such as identified affected claims, and any other information the contractor deems necessary to take action.	X	X		X					
7419.1.2	The contractor shall not stop the recoupment if there is any missing information; refer to the minimum requirements listed in (7419.1.1) above requirement.	X	X		X					
7419.1.2.1	The contractor shall request the missing information from the PSC/ZPIC. After you receive the completed package back from the PSC/ZPIC for the confirmed case proceeds to stop the recoupment	X	X		X					

Number	Requirement	Responsibility (place an "X" in each applicable column)								
		A B M A C	D M E M A C	FI	C A R R I E R	R H I	Shared-System Maintainers			
						FISS	MCS	VMS	CWF	
	process.									
7419.1.3	The contractor shall update the Multi-Carrier System (MCS) and HIGLAS as appropriate to reflect a fraud status to the affected claims in the overpayment.	X	X		X					
7419.1.3.1	The contractor shall stop recoupment against the victim provider on all overpayments (affected claims) within 5 business days of the confirmation of identity theft.	X	X		X					
7419.1.4	The contractor shall discontinue sending demand letters to the victim provider for all affected claims.	X	X		X					
7419.1.5	The contractor shall not refer any overpayments with the affected claims to Treasury that are already posted in the Debt Collection System (DCS).	X	X		X					
7419.1.5.1	The contractor shall change the status code to (1I) in DCS.	X	X		X					
7419.1.6	The contractor shall recall the Overpayment/s (affected claims) referred to Treasury.	X	X		X					
7419.1.6.1	The contractor shall change the status on the recalled debts to (2I) in DCS.	X	X		X					
7419.2	The contractor shall take steps to correct the provider's payment billing history to ensure that the affected claims are not included on the victim provider's IRS Form 1099 MISC (Reporting Gross Overpayment).	X	X		X					
7419.2.1	The contractor shall send out a manual (corrected) IRS Form 1099 MISC, if it issued the original IRS Form 1099 MISC to the victim provider.	X	X		X					
7419.3	The contractor shall report these debts as fraud on the appropriate line of the CMS Forms 751 or TROR outlined in Publication 100-06, Chapter 5, while the affected claims are under a fraud status.	X	X		X					
7419.4	The contractor shall keep these debts open for possible collection until it receives notification from CPI; otherwise no later than 6 years and the case/s shall be adjusted as closed and no future recovery is expected.	X	X		X					
7419.4.1	The contractor shall recommend these debts for termination of collection action for write-off closed.	X	X		X					
7419.5	The contractor shall apply any seized monies received (e.g., Treasury check) collected from the criminal for the overpayment/s of the victim provider to the fraudulent debt in accordance with the Medicare Financial Management Manual, Publication, 100-06, Chapter 5.	X	X		X					

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B	DME	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
		MAC	MAC				F	M	V	C	
							I	C	M	W	
							S	S	S	F	
	None.						S				

### 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):** Deborah (Debbie) Miller [Deborah.miller3@cms.hhs.gov](mailto:Deborah.miller3@cms.hhs.gov) or 410-786-0331.

**Post-Implementation Contact(s):** Contact your Contracting Officer's, Technical Representative (COTR) or contractor manager, as applicable.

### VI. FUNDING

**Section A: For Fiscal Intermediaries (FIs), Carriers, and Regional Home Health Intermediary (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.

# Medicare Financial Management

## Chapter 4 - Debt Collection

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**110--** *Confirmed Identity Theft:*

*110.1-- IRS Form 1099 MISC*

*110.2-- Seized Monies Received from Law Enforcement*

## ***110. Confirmed Identity Theft:***

*(Rev, 199, Issued: 11-04-11, Effective: 12-05-11, Implementation: 12-05-11)*

*For purposes of this instruction, a claim related to the confirmed identity theft shall be referred to as “affected claims”.*

*The Centers for Medicare and Medicaid Services (CMS) is addressing instances of Identity Theft confirmed by the Investigating Unit (IU). For purposes of this instruction, the IU may be the Program Safeguard Contractor (PSC), Zone Program Integrity Contractor (ZPIC), or the CMS Center for Program Integrity (CPI).*

- The contractor shall stop collection efforts for all affected claims when it is notified by the IU of a confirmed case of Identity theft.*
- The contractor shall update the standard systems and HIGLAS as appropriate, to reflect a fraud status for all affected claims within 5 business days from the confirmation receipt date.*
- The contractor shall stop recoupment against the victim on all affected claims within 5 business days from the confirmation receipt date.*
- The contractor shall discontinue sending demand letters to the victim for all affected claims within 5 business days from the confirmation receipt date.*
- The contractor shall not refer any overpayments for affected claims to Treasury including overpayments already posted in the Debt Collection System (DCS).*
- The contractor shall change the status code to (1I) for all overpayments posted in DCS related to the confirmed identity theft within 5 business days from the confirmation receipt date.*
- The contractor shall recall any overpayments related to confirmed identity theft and change the status in DCS to (2I).*
- The contractor shall not stop collection efforts if the case of identity theft is not confirmed by the IU in writing and does not include all the information required.*
- The contractor shall request the missing information from the IU (PSC/ZPIC).*

### ***110.1 IRS Form 1099 MISC***

*(Rev. 199, Issued: 11-04-11, Effective: 12-05-11, Implementation: 12-05-11)*

*When the official investigation confirms a provider is the victim of identity theft these steps shall be taken.*

- The contractor shall adjust the affected claims before sending the 1099, to ensure the affected claims are not included on the victim provider’s IRS Form 1099 MISC.*
- The contractor shall issue a revised (corrected) IRS Form 1099 MISC if the original IRS Form 1099 MISC issued to the victim contained amounts related to confirmed identity theft.*



- *The contractor shall keep debts open in a fraud status for possible collection until;*
  1. *You receive notification from CPI that no future recovery is expected.*
  2. *Any debts related to confirmed identity theft existing after 6 years shall be adjusted as closed and no future recovery is expected.*
  3. *The contractor shall recommend these debts for termination of collection action and write-off closed.*

***110.2 Seized Monies Received from Law Enforcement:***

*(Rev. 199, Issued: 11-04-11, Effective: 12-05-11, Implementation: 12-05-11)*

*The contractor shall apply any seized monies received (e.g., Treasury check) from the perpetrator of the identity theft to the fraudulent debt in accordance with the Medicare Financial Management Manual, Publication, 100.06, Chapter 5.*