CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-06 Medicare Financial Management	Centers for Medicare & Medicaid Services (CMS)
Transmittal 10821	**Date: May 24, 2021**
	Change Request 11832

Transmittal 10527, dated December 23, 2021, is being rescinded and replaced by Transmittal 10821, dated, May 24, 2021 to add business requirements (BRs) 11832.12, 11832.12.1 and 11832.13 for HIGLAS to enable the undeliverable demand letter AR status codes (LTR-UNDL-1st and LTR-UNDL-ITR) to be used with MSP beneficiary transactions types; remove the MSP contractors (BCRC and CRC) from the "Responsibility" for BRs 11832.2, 11832.6, 11832.6.2, and 11832.10; and add BRs 11832.2.5 and 11832.10.2 to provide the time period (30 calendar days) the MSP contractors have to locate a better address and update the AR status code for an undeliverable demand and ITR letter. This correction also changes BRs 11832.2, 11832.4, 11832.5, 11832.10 and 11832.11 to active voice. All other information remains the same.

SUBJECT: Pub. 100-06, Chapter 4, Section 10 Revision (New Accounts Receivable (AR) Status Codes for Undeliverable Initial Demand Letters and Terminated/Out of Business Providers)

I. SUMMARY OF CHANGES: A new AR status code (LTR-UNDL-1ST) has been created for undeliverable initial demand letters. Additionally, a new AR status code (PROVIDER-TERMINATED) has been created for terminated/out of business providers. In addition to these two new status codes, the undeliverable intent to refer letter AR status code (LTR-UNDL-ITR) will be reactivated.

EFFECTIVE DATE: April 26, 2021
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: May 31, 2021 only for HIGLAS business requirements 11832.12, 11832.12.1 and 11832.13; April 26, 2021

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	4/10/Requirements for Collecting Part A and B Provider Non-MSP Overpayments

III. FUNDING:

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

Attachment - Business Requirements

Pub. 100-06	Transmittal: 10821	Date: May 24, 2021	Change Request: 11832

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I. GENERAL INFORMATION

A. Background: A new AR status code (LTR-UNDL-1ST) has been created for undeliverable initial demand letters. Additionally, a new AR status code (PROVIDER-TERMINATED) has been created for terminated/out of business providers. When the AR's status is changed to the new statuses, an intent to refer (ITR) letter will be systematically created and sent immediately. In addition to these two new status codes, the undeliverable ITR letter AR status code (LTR-UNDL-ITR) will be reactivated. Chapter 4, Section 10 is being revised to reflect these changes.

B. Policy: There is no new policy change associated with this change request.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
11832.1	The Healthcare Integrated General Ledger Accounting System (HIGLAS) shall create AR status codes of 'LTR-UNDL-1ST' (Description: Letter Undeliverable – 1st Demand) and 'PROVIDER-TERMINATED' at the AR transaction level for undeliverable initial demand letters and terminated providers.									HIGLAS
11832.2	The contractor utilizing HIGLAS shall manually update the AR status code to "LTR-UNDL-1ST' if the	X	X	X	X					RRB-SMAC

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	contractor cannot identify a better address within 10 business days of receipt of the undeliverable initial demand letter.									
11832.2.1	The contractor utilizing HIGLAS shall apply the 'LTR-UNDL-1ST' AR status code for closed transactions when a better address could not be identified.	X	X	X	X					BCRC, CRC, RRB-SMAC
11832.2.2	HIGLAS shall automatically generate an ITR letter when active AR status code 'LTR-UNDL-1ST' is placed on overpayments with an open balance (Principal + Interest) greater than $24.99. The $24.99 threshold amount shall be applicable for both grouped ARs and individual ARs.									HIGLAS
11832.2.3	HIGLAS shall create a control that will prevent the user from applying 'LTR-UNDL-1ST,' 'PROVIDER-TERMINATED,' and 'LTR-UNDL-ITR' AR status codes when the existing AR status code is exempt from Treasury referral.									HIGLAS
11832.2.4	HIGLAS shall enhance the AR Status Cascade Form to allow the applying of 'LTR-UNDL-1ST' and 'LTR-UNDL-ITR' AR status codes to closed AR transactions.									HIGLAS
11832.2.5	The MSP contractor shall manually update the AR status code to 'LTR-UNDL-1ST' if the contractor cannot identify a better address within 30 calendar days of receipt of the undeliverable initial demand letter.									BCRC, CRC
11832.3	HIGLAS shall add a new Field 'Additional Comments' on the AR Status History form. The 'Additional Comment' entered shall be appended to the Description field.									HIGLAS
11832.3.1	HIGLAS shall make necessary changes to have the description as non-updatable.									HIGLAS
11832.3.2	HIGLAS shall make the appropriate changes that will allow the user to manually add 'Additional Comments' to an existing AR status.									HIGLAS

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
11832.3.3	When an initial demand letter was undeliverable and has an AR status code that is ineligible for Treasury referral, the contractor utilizing HIGLAS shall manually add a comment to the AR status indicating that the initial demand letter was undeliverable.	X	X	X	X					BCRC, CRC, RRB-SMAC
11832.4	The contractor shall send the provider a manual undeliverable demand notification letter, with the initial demand letter attached, to the better address if the contractor identifies a better address for the undeliverable initial demand letter. **NOTE**: The original initial demand letter date shall remain in effect.	X	X	X	X					BCRC, CRC, HITECH, IPC, RRB-SMAC
11832.5	The contractor not utilizing HIGLAS shall manually create the ITR letter immediately and send it as soon as possilbe if the contractor cannot identify a better address within 10 business days of receipt of the undeliverable initial demand letter.									HITECH, IPC
11832.6	The contractor utilizing HIGLAS shall manually update the AR status code to 'PROVIDER-TERMINATED' immediately if the ITR letter has not been issued and the contractor learns that the provider is terminated or out of business.	X	X	X	X					RRB-SMAC
11832.6.1	HIGLAS shall automatically generate an ITR letter when active AR status code 'PROVIDER-TERMINATED' is placed on overpayments with an open balance (Principal + Interest) greater than $24.99. The $24.99 threshold amount shall be applicable for both grouped ARs and individual ARs.									HIGLAS
11832.6.2	When a provider has been terminated or is out of business and has an AR with a status code that is ineligible for Treasury referral, the contractor utilizing HIGLAS shall manually add a comment to the AR status indicating that the provider has been terminated or out of business.	X	X	X	X					RRB-SMAC
11832.6.3	The contractor not utilizing HIGLAS shall manually create the ITR letter and send it as soon as possible if an ITR letter has not been issued and the contractor learns that the provider is terminated or out of business.									HITECH, IPC

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
11832.7	The contractor not utilizing HIGLAS shall manually create the ITR letter and send it as soon as possible if an ITR letter has not been issued and the contractor learns that the provider is terminated or out of business.									HITECH, IPC
11832.8	HIGLAS shall reactivate the 'LTR-UNDL-ITR' AR status code for undeliverable ITR letters.									HIGLAS
11832.9	HIGLAS shall follow the existing the debt referral business process for 'PROVIDER-TERMINATED' and the reactivated 'LTR-UNDL-ITR.'									HIGLAS
11832.10	The contractor utilizing HIGLAS shall manually update the AR status code to "LTR-UNDL-ITR' if the ITR letter is returned as undeliverable and a better address cannot be identified within 10 business days of receipt.	X	X	X	X					RRB-SMAC
11832.10.1	The contractor utilizing HIGLAS shall apply the 'LTR-UNDL-ITR' AR status code for closed transactions when a better address could not be identified.	X	X	X	X					BCRC, CRC, RRB-SMAC
11832.10.2	The MSP contractor shall manually update the AR status code to 'LTR-UNDL-ITR' if the ITR letter is returned as undeliverable and a better address cannot be identified within 30 calendar days of receipt.									BCRC, CRC
11832.11	The contractor shall send the provider a manual undeliverable ITR notification letter, with the original ITR letter attached, to the better address if the contractor identifies a better address for the undeliverable ITR letter, **NOTE**: The original ITR letter date shall remain in effect.	X	X	X	X					BCRC, CRC, HITECH, IPC, RRB-SMAC
11832.12	HIGLAS shall enable the 'LTR-UNDL-1st' AR status code to be used for Medicare Secondary Payer (MSP) beneficiary transaction types.									HIGLAS
11832.12.1	HIGLAS shall send an indicator on the 811L interface for the Benefits Coordination & Recovery Center (BCRS) to generate ITR letters when the active AR status code 'LTR-UNDL-1ST' is placed on MSP beneficiary's overpayments with an open balance									BCRC, HIGLAS

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	(Principal + Interest) greater than $24.99.									
11832.13	HIGLAS shall enable the 'LTR-UNDL-ITR' AR status code to be used for MSP beneficiary transaction types.									HIGLAS

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
	None					

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Jay Blake, 443-934-3984 or jay.blake@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: 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.

ATTACHMENTS: 0

10 - Requirements for Collecting Part A and B Provider Non-MSP Overpayments

(Rev. 10821; Issued 05-24-21; Effective: 04-26-21; Implementation: 05-31-21)

For purposes of these instructions, the term Provider, Physician and other Supplier will be referred to as "Provider".

The following collection activities are the minimum requirements the Medicare contractor (contractor) shall follow for all Non-MSP provider overpayments. Where additional information is located elsewhere in the manual chapter, an annotation of the specific section is included. (See Medicare Financial Management Manual, Publication 100-06, Chapter 3, §40 and chapter 4, §70.16 for additional instructions related to Part A provider initiated claim adjustment accounts receivable).

1. Initial Demand letter

The contractor shall send an initial demand letter within established timeframes of the identification or notification of an overpayment. The contractor shall ensure the date of the initial demand letter is the date the AR is established and the date the letter is mailed. The initial demand letter shall include all required language and shall meet timeliness standards as outlined in chapter 3 §200 and/or chapter 4 §§20 and 90.

a. Dollar threshold

The threshold amount to send the initial demand letters is $25 (principal). The contractor shall aggregate all of the overpayments to the provider to meet the threshold amount for the initial demand letter.

b. Undeliverable demand letter

If the contractor receives the initial demand letter back as undeliverable, the contractor shall attempt to reach the provider by telephone within 10 *business* days of receiving the undeliverable letter.

If the contractor is unsuccessful at reaching the provider by telephone, the contractor shall at the minimum attempt to locate the provider through other means including:

- Querying the Provider Enrollment Change of Ownership System (PECOS) to determine if there is updated contact information (including an email address) for the provide);
- Contacting the medical review staff or fraud and abuse staff for possible updates on the debtor's whereabouts;
- Conducting research to see if the provider is in bankruptcy or litigation, and by using the name of the owners, partners, or the corporation officers;
- Conducting an internet search site, including using Lexis-Nexis® or a similar program;
- Contacting the servicing regional office (RO) for assistance or further guidance, if the contractor does not have access to a search engine.

The contractor shall document in the case file all attempts to contact the provider.

2. Recoupment

The contractor shall initiate recoupment of the debt, or any remaining balance of the debt, as outlined below, except when the debt is in the following status: (1) appeal subject to the Limitation on Recoupment provisions (redetermination/reconsideration), (2) bankruptcy, (3) Extended Repayment Schedule (ERS) or (4) a pending ERS request.

For Part A (Non-935 Overpayments)

- Recoupment shall begin 16 days from the date of initial demand letter if the debt is not subject to Limitation on Recoupment provisions of Section 935(f)(2) of the MMA. (See chapter 3, §200)

- Refer to chapter 4, §70.16 for Claims Accounts Receivable (A/R) instructions.

For Part B (935 and Non-935) and Part A 935 Overpayments

- Recoupment shall begin 41 days from the date of the initial demand letter.

- Recoupment shall continue until the debt is collected in full or is in a status that excludes recoupment.

3. Interest

If the overpayment is not paid in full 30 days from the date of the initial demand letter, contractors shall ensure that interest is assessed beginning on day 31. Simple interest shall be charged on the outstanding principal balance of the debt starting with the date of the initial demand letter and for every 30 day period thereafter, until the debt is paid in full. Refer to chapter 4, §30 and 42 CFR 405.378 for additional information.

4. Telephone Contacts:

Contractors shall attempt to contact providers by phone, at least twice, as follows:

a. First telephone contact

- **Providers who have been terminated/revoked/ or have withdrawn from the Medicare program:**

  - The telephone contact shall be made within 10 *business* days of the contractor's notification of termination/revocation/withdrawal.

- **Active Providers:**

  - The telephone contact shall be made when the debt is at least 60 days delinquent (90 days from the date of the demand letter) and is not in an appeal, litigation, ERS, or bankruptcy status.

  - The telephone contact may be made sooner if the contractor believes that earlier contact may result in a collection.

  - In situations where the provider cannot be reached by telephone the contractor shall leave a voicemail as needed.

- **Successful Phone Contact:**

  - The contractor shall inform the provider of repayment options (e.g. ERS) and explain that any unpaid delinquent debt will be referred to Treasury for further collection activity. If the provider has a surety bond, the contractor shall inform the provider that the debt will be collected through the surety, and any remaining balance will be referred to Treasury.

  - If the first call is successful, (second call would not be necessary) document the contact.

- **Unsuccessful Phone Contact**

- The contractor shall discontinue telephone efforts when a provider's number is disconnected.

- The contractor shall at the minimum attempt to locate the provider through other means as listed in discussion of undeliverable demand letters, section 1(b), above.

b. Second Phone Contact

The second phone call is only necessary if the contractor was unable to directly communicate with the provider on the first call.

- The contractor shall make a second phone call to the provider at least 7 *business* days before referring the debt to Treasury.

- The contractor shall leave a voicemail where the call is directed to voice messaging.

- Leaving the second voicemail message shall be sufficient for attempting to reach the provider by telephone.

The contractor shall document, in the case file, all attempts to contact the provider.

5. Extended Repayment Schedule (ERS)

If the provider submits an application for an ERS, the contractor shall follow the instructions in Chapter 4 §50. An ERS application may be requested at any time during the collection process.

6. Intent to Refer (ITR) letter

For providers who have been terminated/revoked or have withdrawn from the Medicare program:

The contractor shall send the ITR letter:

- If the initial demand letter was returned undeliverable and a better address cannot be located *(see below for Instructions Summary for Undeliverable Letters)*, or

- When the contractor has verified in PECOS or Provider Enrollment that the provider is terminated or out of business.

    - *The contractor utilizing HIGLAS shall manually update the accounts receivable (AR) status code to 'PROVIDER-TERMINATED' if the ITR has not been issued and the contractor learns that the provider is terminated or out of business. HIGLAS will not allow the AR status code to be updated to 'PROVIDER-TERMINATED' if the existing AR status code is exempt from Treasury referral.*

    - *The contractor utilizing HIGLAS shall manually add a comment to the AR status indicating that the provider has been terminated or out of business, when a provider has been terminated or is out of business and has an AR with a status code that is ineligible for Treasury referral"*

    - *The contractor not utilizing HIGLAS shall manually create the ITR letter and send it as soon as possible if an ITR letter has not been issued and the contractor learns that the provider is terminated or out of business.*

For active providers:

The contractor shall send the ITR letter when the debt is **at least** 30 days delinquent (60 days from the determination date)* and is not in a status excluded from debt referral.

NOTE: In all cases, the contractor shall ensure that the ITR letter is sent in enough time to allow the debtor 60 days' notice prior to referral to Treasury. In accordance with provisions of the Digital Accountability and Transparency Act of 2014 (DATA Act) which amended the Debt Collection Improvement Act of 1996 (DCIA), eligible delinquent debts must be referred to Treasury by the 120th day of delinquency. (Refer to chapter 4, §70 for further detail.)

* The Healthcare Integrated General Ledger Accounting System (HIGLAS) adds an additional 5 grace days when determining when to generate the ITR letter to allow for interest accruals to appear on the ITR letter; therefore the ITR letter will be system generated on day 66.

*** Instructions Summary for Undeliverable Letters**

- *If the contractor utilizing HIGLAS cannot locate a better address within 10 business days of receipt of the undeliverable demand letter, the contractor shall manually update the status code to 'LTR-UNDL-1ST.'*

- If the contractor locates a better address for the undeliverable initial demand letter, the contractor shall send the provider a manual *undeliverable* demand notification letter, with the initial demand letter attached, to the better address. The original initial demand letter date shall remain in effect.

- If the contractor *not utilizing HIGLAS* cannot locate a better address within 10 *business* days of receipt of the undeliverable initial demand letter, the contractor shall manually create the ITR letter immediately *and send it as soon as possible*.

- If the ITR letter is returned as undeliverable and a better address cannot be located within 10 *business* days of receipt, the contractor utilizing HIGLAS shall update the status code to 'LTR-UNDL-*ITR*.'

- If the contractor locates a better address *for* the undeliverable ITR letter, the contractor shall send the provider a manual *undeliverable* ITR notification letter, with the original ITR letter attached, to the better address. The original ITR letter date shall remain in effect.

Note: The HIGLAS logic will review the letter history and the debt will become eligible for referral to Treasury 66 days from the ITR letter date.

7. Surety Bond

Prior to referral to Treasury, DME contractors shall refer to instructions outlined in Medicare Program Integrity Manual, Publication100-08, chapter 15, §21.7.1.

***8*. Record Keeping**

The contractor shall keep records of all collection activities through all stages of the debt collection process. This record shall be detailed and include all correspondence and conversations with the provider, checks, and any other documents associated with debt collection processes.