

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-06 Medicare Financial Management	Centers for Medicare & Medicaid Services (CMS)
Transmittal 11133	Date: November 30, 2021
	Change Request 12503

SUBJECT: The Fiscal Year 2022 Updates for the CMS Internet Only Manual (IOM) Publication (Pub.) 100-06, Medicare Financial Management Manual, Chapter 7 - Internal Control Requirements

I. SUMMARY OF CHANGES: This Change Request (CR) contains the upcoming Fiscal Year 2022 annual document updates, and provides clarification for the Office of Management & Budget (OMB) A-123 and Internal Controls over Financial Reporting.

EFFECTIVE DATE: October 1, 2021

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

IMPLEMENTATION DATE: December 31, 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	7/20/CMS Contractor Internal Control Review Process and Timeline
R	7/30.1/Certification Package for Internal Controls (CPIC) Requirements
R	7/30.5/CPIC- Report of Internal Control Deficiencies
R	7/30.8/Statement on Standards for Attestation Engagements (SSAE) Number 18, (SSAE 18) Reporting on Controls at Service Providers
R	7/40.6/CMS Initial and Quarterly CAP Report Template
R	7/50.11/K Controls – Debt Referral (MSP and Non-MSP)
R	7/70/List of Commonly Used Acronyms

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: 11133	Date: November 30, 2021	Change Request: 12503
-------------	--------------------	-------------------------	-----------------------

SUBJECT: The Fiscal Year 2022 Updates for the CMS Internet Only Manual (IOM) Publication (Pub.) 100-06, Medicare Financial Management Manual, Chapter 7 - Internal Control Requirements

EFFECTIVE DATE: October 1, 2021

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

IMPLEMENTATION DATE: December 31, 2021

I. GENERAL INFORMATION

A. Background: The Federal Managers' Financial Integrity Act of 1982 (FMFIA) established internal control requirements that shall be met by federal agencies. For CMS to meet requirements of FMFIA, Medicare contractors shall demonstrate that they comply with FMFIA.

B. Policy: The CMS contract with Medicare contractors includes an article titled FMFIA. In this article, the Medicare contractor agrees to cooperate with CMS in the development of procedures permitting CMS to comply with FMFIA, and other related standards prescribed by the Comptroller General of the United States. Under various provisions of the Social Security Act and the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Medicare contractors are to be evaluated by CMS on administrative service performance. CMS evaluates Medicare contractor's performance by various internal and external audits and reviews.

II. BUSINESS REQUIREMENTS TABLE

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

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C S	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
12503.1	All contractors shall be aware of the updates throughout Chapter 7 – Internal Control Requirements.	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12503.2	All contractors shall comply with the updated Section 20 - CMS Contractor Internal Control Review Process and Timeline.	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12503.2.1	All contractors shall be aware that the "Report of Control & Significant Deficiencies" have been removed from the July Activity and IOM Sections.	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12503.3	All contractors shall comply with the updated Section 30.1 – Certification Package for Internal Controls (CPIC) Requirements.	X	X	X	X						BCRC, CRC, RRB-SMAC, STC

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared-System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
12503.4	All contractors shall comply with the updated Section 30.5 - CPIC- Report of Internal Control Deficiencies.	X	X	X	X					
12503.5	All contractors shall comply with the updated Section 30.8 –Statement on Standards for Attestation Engagements (SSAE) Number 18, (SSAE 18) Reporting on Controls at Service Providers.	X	X	X	X					BCRC, CRC, RRB-SMAC, STC
12503.6	All contractors shall comply and use the updated Initial and Quarterly Corrective Action Plan (CAP) Microsoft Excel template located in Section 40.6 - CMS Initial and Quarterly CAP Report Template and accompanying this CR. Additionally, a Field Legend sheet providing field completion instructions, and Example Initial and Quarterly CAP sheets shall be used for CAP creation and formatting guidance.	X	X	X	X					BCRC, CRC, RRB-SMAC, STC
12503.7	All contractors shall comply with the updates to the listed controls under Section 50.11 – K Controls – Debt Referral (Medicare Secondary Payer (MSP) and Non-MSP).	X	X	X	X					BCRC, CRC, RRB-SMAC, STC
12503.8	All contractors shall be aware of the updated List of Commonly Used Acronyms located in Section 70.	X	X	X	X					BCRC, CRC, RRB-SMAC, STC

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
	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): Agbeko Kumordzie, 410-786-2100 or Agbeko.Kumordzie@cms.hhs.gov , Eleanor Sheain, 410-786-8120 or Eleanor.Sheain@cms.hhs.gov , Floyd Epps, 410-786-1952 or Floyd.Epps@cms.hhs.gov , Rasheed Ogedengbe, 410-786-1000 or rasheed.ogedengbe@cms.hhs.gov , Jonathan Wong, 410-786-0414 or Jonathan.Wong@cms.hhs.gov (ADS Phone #: 917-502-8986) , Junaid Arshed, 410-786-3374 or Junaid.Arshed@cms.hhs.gov , Allison French, 410-786-1485 or Allison.French@cms.hhs.gov , Amando Virata, 410-786-6681 or Amando.Virata@cms.hhs.gov , Gernard Gray, 410-786-2285 or Gernard.Gray@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

20 - CMS Contractor Internal Control Review Process and Timeline

(Rev. 11133, Issued:11-30-21, Effective: 10-01-21, Implementation: 12-31-21)

NOTE: The following CMS Fiscal Year Calendar of Events and Activities timeline is provided as a guide and is not considered absolute. Contractors may use the guideline as a reference.

Fiscal Year Calendar of Events and Activities

Month	Activity	IOM Section
October	1. Incorporate updated IOM changes 2. Updated Certification Package for Internal Controls (CPIC) Report Due: Five (5) business days after September 30 th Reporting Period: July 1 st – September 30 th 3. Submit SSAE-18 Bridge Letters Due: 5 Business Days after September 30 th Reporting Period: April 1 st – September 30 th 4. Begin the Risk Assessment Process 5. Begin updating Standard Operating Procedures	<ul style="list-style-type: none"> - <u>Section 20.1 – Risk Assessment</u> - <u>Section 30.1 – Certification Package for Internal Controls (CPIC) Requirements</u> - <u>Section 30.2 – Certification Statement</u> - <u>Section 30.8 –Statement on Standards for Attestation Engagements (SSAE) Number 18, (SSAE 18) Reporting on Controls at Service Providers</u>
January	6. SSAE 18 Examinations (A/B, DME, & Specialty MACs) Start 7. Update and Submit A-123 Cycle Memos to CMS Central Office Due: 15 Business Days after December 31 st	<ul style="list-style-type: none"> - <u>Section 30.8 –Statement on Standards for Attestation Engagements (SSAE) Number 18, (SSAE 18) Reporting on Controls at Service Providers</u>
February	8. Prepare for A-123 or SSAE 18 audit onsite reviews	
June	9. Begin preparing CPIC for all geographical locations. 10. Update CPIC Report of Internal Control Deficiencies 11. Draft SSAE-18 and CAP Follow Up Reports Issued Due: June 1 st Reporting Period: October 1st - March 31st 12. Prepare to Draft CPIC and SSAE 18 Corrective Action Plans CAPs	

Month	Activity	IOM Section
July	1. Final SSAE-18 and CAP Follow Up Reports Issued Due: July 1 st Reporting Period: October 1 st - March 31 st 2. Submit CPIC Report <ul style="list-style-type: none"> - Certification Statement - Executive Summary - Description/Documentation of the Risk Assessment Process - Report of Material Weaknesses Due: 15 Business Days after June 30 th Reporting Period: October 1 st - June 30 th	<ul style="list-style-type: none"> - <u>Section 30.8 –Statement on Standards for Attestation Engagements (SSAE) Number 18, (SSAE 18) Reporting on Controls at Service Providers</u> - <u>Section 30.1 – Certification Package for Internal Controls (CPIC) Requirements</u> - <u>Section 30.2 – Certification Statement</u> - <u>Section 30.3 – Executive Summary</u> - <u>Section 20.1 – Risk Assessment</u> - <u>Section 30.4 – CPIC – Report of Material Weaknesses</u>
August	3. Review updated IOM to evaluate changes required to your system of operations 4. Submit SSAE 18 CAPs Due: 45 Days after Final SSAE 18 Reports 5. Submit CPIC CAPs Due: 45 Days after CPIC Reports	<ul style="list-style-type: none"> - <u>Section 40.1 – Submission, Review, and Approval of Corrective Action Plans</u>
September	6. Determine if any new material weaknesses were identified since the CPIC Report in July	

30.1 – Certification Package for Internal Controls (CPIC) Requirements

(Rev. 11133, Issued:11-30-21, Effective: 10-01-21, Implementation: 12-31-21)

NOTE: This section is only applicable to the following listed CMS Contractors:

#	Contractor Workload
1	DME MAC Jurisdiction A
2	DME MAC Jurisdiction B
3	DME MAC Jurisdiction C
4	DME MAC Jurisdiction D
5	Parts A & B MAC Jurisdiction 5
6	Parts A & B MAC Jurisdiction 6
7	Parts A & B MAC Jurisdiction 8
8	Parts A & B MAC Jurisdiction 15
9	Parts A & B MAC Jurisdiction E
10	Parts A & B MAC Jurisdiction F
11	Parts A & B MAC Jurisdiction H
12	Parts A & B MAC Jurisdiction J
13	Parts A & B MAC Jurisdiction K
14	Parts A & B MAC Jurisdiction L
15	Parts A & B MAC Jurisdiction M
16	Parts A & B MAC Jurisdiction N
17	Specialty MAC Railroad Board (RRB)
18	Pricing, Data Analysis, and Coding (PDAC) Contractor
19	Affordable Care Act Exchange Contractor
20	Benefits Coordination and Recovery Center (BCRC), Medicare Secondary Payer Recovery Contractor (MSPRC)
21	Commercial Repayment Center (CRC), MSPRC
22	Retiree Drug Subsidy (RDS) Part D Contractor

The contractor certification process provides CMS with assurance that contractors are in compliance with the FMFIA, OMB Circular A-123, and CFO Act of 1990 by incorporating internal control standards into their operations. The contractor certification process supports the audit of CMS' financial statements by the Office of Inspector General (OIG) and the CMS Administrator's FMFIA assurance statement.

This compliance is achieved by an annual certification statement included in its annual CPIC submission. CMS has required each contractor to certify that internal controls are in place to identify and correct areas of weakness in its operations. Contractors are expected to evaluate the effectiveness of their operations against CMS' control objectives discussed above. The control objectives represent the minimum expectations for contractor performance in the area of internal controls.

Contractors shall have written policies and procedures regarding their annual CPIC preparation and submission process. Contractors shall also have written policies and procedures to address potential internal control deficiencies identified by employees and managers in the course of their daily operations. This includes the process for reporting issues upward through the appropriate levels of management, tracking and correcting deficiencies, and inclusion in the CPIC submission.

The CPIC represents a summary of your internal control environment for the period October 1st through June 30th (the CPIC period), as certified by your organization. It shall include an explicit conclusion as to whether the internal controls over financial reporting are effective (see Section 30.1.1). All material weaknesses identified during this period shall be included in the CPIC submission. Contractors should consider the results of internal and external audits and reviews, such as GAO, OIG, and CFO Act audits, consultant reviews, management control reviews, CPE reviews, SSAE 18 audits, A-123 Appendix A reviews, and other similar activities. These findings should be classified as control deficiencies, significant deficiencies, or material weaknesses based upon the definitions provided in Section 30.6.

The contractor shall submit one CPIC report for each type of contract (i.e., A/B, DME, & Specialty MAC workloads, Retiree Drug Subsidy (RDS), and Medicare Secondary Payer Recovery Contractor (MSPRC) workloads). The contractor shall follow these guidelines when submitting the CPIC for A/B, DME, & Specialty MACs:

- Contractors with multiple A/B and DME MAC jurisdictions *shall* submit *one CPIC report* for each *type of contract (i.e., A/B, Durable Medical Equipment (DME), & Specialty MAC workloads)*. *Therefore, Contractors with multiple A/B and DME MACs jurisdiction shall submit a CPIC for each jurisdiction.*

Example Multiple A/B & DME CPIC Submission Situation:

- *XYZ Corporation has four (4) A/B and DME MAC jurisdictions A, C, 6, & M.*
- *XYZ Corporation shall submit four (4) separate CPICs for each jurisdiction:*
 - *CPIC for DME Jurisdiction A*
 - *CPIC for DME Jurisdiction C*
 - *CPIC for A/B Jurisdiction 6*
 - *CPIC for A/B Jurisdiction M*
- The Specialty MAC RRB shall submit a CPIC.
- Contractors that transitioned out of the program prior to June 30th, and are not assuming additional workloads are not required to submit a CPIC.

Electronic CPIC reports shall be received by CMS within fifteen **(15)** business days after June 30th. The contractor is not required to submit a hard copy report if it has the capability to insert electronic signatures or if the CPIC is sent from the VP of Operations' email or the CFO's email.

An electronic version of all documents (including updates) submitted as part of your CPIC submission shall be sent to CMS' Office of Financial Management (OFM) at internalcontrols@cms.hhs.gov as Microsoft Excel or Word files. Electronic copies shall also be sent as follows:

- A/B, DME, and Specialty MACs shall send to the:
 - *The assigned CFO Technical Monitor and the Financial Management (FM) Division Director of that CMS office location area.*
 - Contracting Officer's Representative (COR) of the A/B, DME, or Specialty MAC.
- RDS and MSPRC Contractors shall send to the CMS COR.

A hard copy is not required to be submitted.

The CPIC Report Package shall include:

- Certification Statement, see [Section 30.2](#);
- Executive Summary, see [Section 30.3](#);
- Description of your Risk Assessment Process, see [Section 20.1](#). This should include a:
 - Matrix to illustrate the prioritization of risk and exposure factors
 - Narrative or flowchart that outlines the risk assessment process
- CPIC Report of Material Weaknesses, see [Section 30.4](#).

Contractors shall submit an update for the period July 1st through September 30th to report any subsequently identified material weaknesses. The update shall be no more than a one page summary of any material weaknesses and the proposed corrective action. If no material weaknesses have been identified, the contractor shall submit the following for each jurisdiction or a combined statement for all jurisdictions: "As of September 30th, no material weaknesses (or no additional material weaknesses) have been identified during the period July 1 through September 30th for Fiscal Year 20XX". The submission of the update should follow the same guidelines as the initial CPIC. The CPIC update is due within five (5) business days after September 30th. If a material weakness is identified, then a CAP shall be completed in accordance to the guidelines shown at [Section 40.1](#).

The file names for all electronic files submitted, as part of your CPIC package should begin with the three, four, or five letter abbreviation assigned to each contractor in [Section 40.3](#). Additionally, in the subject line of your email submission, you shall include the corporate name of the entity submitting the CPIC.

Maintain the appropriate and necessary documents to support any assertions and conclusions made during the self-assessment process. In your working papers, you are required to document the respective policies and procedures for each control objective reviewed. These policies and procedures should be in writing, be updated to reflect any changes in operations, and be operating effectively and efficiently within your organization.

The supporting documentation and rationale for your certification statement, whether prepared internally or by an external organization, shall be available for review and copying by CMS and its authorized representatives.

End Section 30.1 – Certification Package for Internal Controls (CPIC) Requirements:
Back to Table of Contents

30.5 - CPIC- Report of Internal Control Deficiencies

(Rev. 11133, Issued:11-30-21, Effective: 10-01-21, Implementation: 12-31-21)

The CPIC Report of Internal Control Deficiencies is an internal report and it shall include control deficiencies, significant deficiencies, and SSAE 18 Section III/IV exceptions. The CPIC report of Internal Control Deficiencies shall *not* be submitted as part of the annual CPIC submission. *However, you are required to report in the Executive Summary the number of control deficiencies and significant deficiencies identified during the period covered by the CPIC.* The CPIC Report of Internal Control Deficiencies should be prepared as a spreadsheet and include the following columns of information:

1. The original source of the finding.
2. The type of control deficiency (control deficiency or significant deficiency).
3. Whether it is a design deficiency or operating deficiency.
4. The control objective numbers impacted (from Section 50).
5. The corrective action plan.
6. A summary of the control deficiency and significant deficiencies including when the condition was observed and if a corrective action plan was implemented (or the status if not corrected).

Each control deficiency and significant deficiency shall be listed, and the total number of control deficiencies and significant deficiencies shall be included in the report. The contractors are required to prepare and maintain this report and update this report as new control deficiencies are identified. When CPIC control deficiencies are identified, evaluate internal corrective actions for each of the deficiencies and correct each problem. While you are required to document, track, and correct problems identified as control deficiencies, significant deficiencies and material weaknesses, CPIC CAPs are not required to be submitted to CMS for control deficiencies and significant deficiencies.

End Section 30.5 – Report of Internal Control Deficiencies: Back to Table of Contents

30.8 –Statement on Standards for Attestation Engagements (SSAE) Number 18, (SSAE 18) Reporting on Controls at Service Providers

(Rev. 11133, Issued:11-30-21, Effective: 10-01-21, Implementation: 12-31-21)

NOTE: This section is only applicable to the following listed A/B, DME, and Specialty MACs:

#	MAC Type & Jurisdiction/Workload
1	DME MAC Jurisdiction A
2	DME MAC Jurisdiction B
3	DME MAC Jurisdiction C
4	DME MAC Jurisdiction D
5	Parts A & B MAC Jurisdiction 5
6	Parts A & B MAC Jurisdiction 6
7	Parts A & B MAC Jurisdiction 8
8	Parts A & B MAC Jurisdiction 15
9	Parts A & B MAC Jurisdiction E
10	Parts A & B MAC Jurisdiction F
11	Parts A & B MAC Jurisdiction H
12	Parts A & B MAC Jurisdiction J
13	Parts A & B MAC Jurisdiction K
14	Parts A & B MAC Jurisdiction L
15	Parts A & B MAC Jurisdiction M
16	Parts A & B MAC Jurisdiction N
17	Specialty MAC Railroad Board (RRB)

In lieu of receiving an A-123 Appendix A review, A/B, DME, and Specialty MACs are required to undergo a SSAE 18 SOC 1, Type II audit.

CMS shall contract with an independent certified public accounting (CPA) firm to perform the SSAE 18 audit. The A/B, DME, and Specialty MACs shall cooperate with the audit which may include, but is not limited to, providing all documentation requested, CPIC results, management assertions, coordinating interviews with key personnel, participating in entrance and exit conferences, providing workspace, and internet connectivity, etc.

The A/B, DME, and SMACs shall ensure that all subcontractors are properly identified as inclusive and/or carved out. Based on the subcontractors' impact on the MAC's financial statement, the subcontractor may be in scope (i.e. inclusive method) for the SSAE 18 audit.

The scope of the SSAE 18 audit begins October 1st of each federal fiscal year and ends no earlier than March 31st (6 months) (e.g. For Federal Fiscal Year 2020, the scope of the audit begins October 1st, 2019, and ends March 31st, 2020).

Initial SSAE 18 Control Objectives:

For new A/B, DME, and Specialty MACs, excluding cases where incumbent MACs transition to a new MAC jurisdiction, initial SSAE 18 audit shall include the following thirteen (13) listed CMS Control Objectives as described under [Section 50](#) of this IOM:

#	CMS Control Objective Areas for Initial SSAE 18 Audit Testing
1	<u>50.1 – A Controls – Information Systems</u>
2	<u>50.2 – B Controls – Claims Processing</u>
3	<u>50.3 – C Controls – Appeals</u>
4	<u>50.4 – D Controls – Beneficiary / Provider Services</u>
5	<u>50.5 – E Controls – Complementary Credits</u>
6	<u>50.6 – F Controls – Medical Review (MR)</u>
7	<u>50.7 – G Controls – Medicare Secondary Payer (MSP)</u>
8	<u>50.8 – H Controls – Administrative</u>
9	<u>50.9 – I Controls – Provider Audit</u>
10	<u>50.10 – J Controls – Financial Reporting Review Requirements</u>
11	<u>50.11 – K Controls – Debt Referral (MSP and Non-MSP)</u>
12	<u>50.12 – L Controls – Non-MSP Debt Collection</u>
13	<u>50.13 – M Controls – Provider Enrollment</u>

Recurring SSAE 18 Control Objectives:

In subsequent years, A/B, DME, and Specialty MACs SSAE 18 audits shall include the following eight (8) control objectives:

#	CMS Control Objective Areas for Recurring SSAE 18 Audit Testing
1	<u>50.1 – A Controls – Information Systems</u>
2	<u>50.2 – B Controls – Claims Processing</u>
3	<u>50.6 – F Controls – Medical Review (MR)</u>
4	<u>50.7 – G Controls – Medicare Secondary Payer (MSP)</u>
5	<u>50.9 – I Controls – Provider Audit</u>
6	<u>50.10 – J Controls – Financial Reporting Review Requirements</u>
7	<u>50.11 – K Controls – Debt Referral (MSP and Non-MSP)</u>
8	<u>50.12 – L Controls – Non-MSP Debt Collection</u>

The remaining Control Objectives may be audited based on professional judgment and/or based on the risk identified from the annual CPIC assessment.

Points of Contact (POC) – The A/B, DME, and Specialty MACs shall assign a POC that will assist to ensure that all required parties are invited to the following scheduled events.

Entrance Conference – The A/B, DME, and Specialty MACs shall participate in the SSAE 18 entrance conference. The entrance conference is the start of each engagement to discuss the scope, timeframe, and any other issues relating to the engagement.

Status Meetings – The A/B, DME, and Specialty MACs shall participate in the SSAE 18 status meetings. The status meetings will include discussion of the audit activities

performed to date. The meeting will including a status of CAPs, potential findings and/or exceptions and any issues that may affect the completion of the work.

Preliminary Exit Conference – The A/B, DME, and Specialty MACs shall participate in the SSAE 18 preliminary exit conference. The preliminary exit conference will include a status of the engagement, any outstanding issues, additional documentation requests, potential findings and/or exceptions to date, estimated exit conference date, and other topics to be addressed.

Exit Conference Report – Prior to the exit conference, the A/B, DME, and Specialty MACs will receive the SSAE 18 exit conference report from the CPA firm. The exit conference report shall include any outstanding issues, summary of findings and/or exceptions, and any other items that requires the MAC's attention. The A/B, DME, and Specialty MACs shall review the exit conference report in preparation of the exit conference.

Exit Conference – The A/B, DME, and Specialty MAC shall participate in the SSAE 18 exit conference. The exit conference will include items such as the status of the examination, outstanding issues, any findings and/or exceptions, agree disagree letter, management representation letter, estimated draft report issuance date, etc.

Draft SSAE-18 and CAP Follow up Reports – The A/B, DME, and Specialty MACs should receive the draft SSAE-18 and CAP Follow up reports no later than June 1st. The A/B, DME, and Specialty MACs shall review the draft reports for accuracy and provide any comments back to the CPA firm and CMS no later than ten (10) business days after June 1st.

Final SSAE-18 and CAP Follow Up Reports – The A/B, DME, and Specialty MACs will receive final SSAE 18 and CAP Follow Up reports no later than July 1st.

SSAE 18 Bridge Letters – The A/B, DME, and Specialty MACs shall submit a bridge letter attesting to the internal controls environment for the period of April 1st to September 30th. This bridge letter is critically important to the maintenance and demonstration of a strong internal control environment that supports the CMS internal control objectives: effective and efficient operations, reliable reporting, and compliance with applicable laws and regulations. The bridge letter is due within five (5) business days after September 30th and should be submitted via email to InternalControls@cms.hhs.gov. *The contractor shall complete/submit a separate bridge letter for each jurisdiction.* The bridge letter shall be signed by the Chief Financial Officer (or designee).

A/B, DME, and Specialty MACs may use the attached sample language as the basis for their bridge letter or they may submit original language. At a minimum, the bridge letter shall have these key points addressed:

- Name of CPA firm who prepared the latest SSAE 18 report;

- Date the SSAE 18 report was issued;
- Audit period covered by the most recent SSAE 18 report;
- The date the service organization is providing this assertion (through the date of the bridge letter or the as of date provided in the request for the bridge letter);
- Any material changes to the internal control environment (if applicable);
- Statement that the service organization is not aware of any material changes to the control environment;
- Statement that user entities are responsible for adhering to complementary user entity control from SSAE 18 report;
- Disclaimer that the bridge letter is not a substitute for the actual SSAE 18 report.

The bridge letter will be reviewed by the CMS A-123 Technical Team (ATT) for compliance. If there are any questions regarding the letter, the ATT will contact the A/B, DME, and Specialty MAC's POC.

[This letter should go on the A/B, DME, or Specialty MAC's letter head]

Sample Bridge Letter – No Material Changes:

[Current Date]

Bridge Letter
Centers for Medicare & Medicaid Services
Office of Financial Management
7500 Security Boulevard, Mailstop C3-13-08
Baltimore, MD 21244-1850
Attn: Internal Control Team

Dear CMS Internal Controls Team:

We have received your request for information regarding material changes in internal control related to the [list services here (A/B, DME, or Specialty MAC)]. [CPA firm name] prepared the latest Type II SSAE 18 for these services and the report is dated [report date]. This report includes tests of operating effectiveness for the period ending [period end date].

[Name of A/B, DME, or Specialty MAC] recognizes the need to maintain an appropriate internal control environment and report upon the effectiveness, as well as material changes to its internal controls. As of [current date], I am not aware of any material changes in our control environment that would adversely affect the Auditor's Opinion reached in the [report end date (not the same as the report date)] report for the above named SSAE 18.

You should also be aware that [A/B, DME, or Specialty MAC name], as a normal part of its operations, continually updates its services and technology as appropriate. In addition, the controls for all of [A/B, DME, or Specialty MAC name] services were designed with certain responsibilities required of the system users (See Complimentary User Entity Control in the SSAE 18 report). [A/B, DME, or Specialty MAC name] controls must always be evaluated in conjunction with an assessment of the strength of these user controls.

Finally, in order to conclude upon the design and effectiveness of internal controls for [A/B, DME, or Specialty MAC name], you must read the current SSAE 18 report. This letter is not intended to be a substitute for the SSAE 18 report.

Sincerely,

[Name of Member of Management¹]

[Title]

¹ Should be a signature from one of the same persons that signed the letter of representations.

[This letter should go on the A/B, DME, or Specialty MAC's letter head]

Sample Bridge Letter – Material Changes:

[Current Date]

Bridge Letter

Centers for Medicare & Medicaid Services

Office of Financial Management

7500 Security Boulevard, Mailstop C3-13-08

Baltimore, MD 21244-1850

Attn: Internal Control Team

Dear CMS Internal Controls Team:

We have received your request for information regarding material changes in internal control related to the [list services here (A/B, DME, or Specialty MAC)]. [CPA firm name] prepared the latest Type II SSAE 18 for these services and the report is dated [report date]. This report includes tests of operating effectiveness for the period ending [period end date].

[A/B, DME, or Specialty MAC name] recognizes the need to maintain an appropriate internal control environment and report upon the effectiveness, as well as material changes to its internal controls. On [date or approximate date material change happened], [describe the control add/change/removal that was made. Two sentences is sufficient]. As of [current date], I am not aware of any other material changes in our control environment that would adversely affect the Auditor's Opinion reached in the [report end date (not the same as the report date)] report for the above named SSAE 18.

You should also be aware that [A/B, DME, or Specialty MAC name], as a normal part of its operations, continually updates its services and technology as appropriate. In addition, the controls for all of [A/B, DME, or Specialty MAC name] services were designed with certain responsibilities required of the system users (See Complimentary User Entity Control in the SSAE 18 report). [A/B, DME, or Specialty MAC name] controls must always be evaluated in conjunction with an assessment of the strength of these user controls.

Finally, in order to conclude upon the design and effectiveness of internal controls for [A/B, DME, or Specialty MAC name], you must read the current SSAE 18 report. This letter is not intended to be a substitute for the SSAE 18 report.

Sincerely,

[Name of Member of Management²]

[Title]

² Should be a signature from one of the same person(s) that signed the letter of representations.

[This letter should go on the A/B, DME, or Specialty MAC's letter head]

End Section 30.8 – Statement on Standards for Attestation Engagements (SSAE) Number 18, (SSAE 18) Reporting on Controls at Service Providers: Back to Table of Contents

40.6 - CMS Initial and Quarterly CAP Report Template

(Rev. 11133, Issued:11-30-21, Effective: 10-01-21, Implementation: 12-31-21)

The contractor shall use the CMS Initial and Quarterly CAP Microsoft Excel Report Template for CAP reporting. This template supersedes all prior templates issued, and can also be obtained via email upon request from: CAPS@cms.hhs.gov.

Additionally, any Initial and Quarterly CAPs questions and or concerns can be submitted to CAPS@cms.hhs.gov.



End Sections 40.6 – CMS Initial and Quarterly CAP Report Template and 40 – Corrective Action Plans: Back to Table of Contents

50.11 – K Controls – Debt Referral (MSP and Non-MSP)

(Rev. 11133, Issued:11-30-21, Effective: 10-01-21, Implementation: 12-31-21)

K – Control Number	Control Objective – Debt Referral (MSP and Non-MSP)
K.1	Procedures are documented and followed to identify a debt eligible for referral to Treasury for cross servicing and Treasury Offset Program (TOP) prior to the debt becoming 120 days delinquent. These procedures are written and available for review. Debts eligible for referral and debts ineligible for referral are properly reported on the appropriate CMS Forms 751, Contractor Financial Reports, Status of Accounts Receivable, or the Treasury Report on Receivables and Debt Collection Activities Report. For MSP debt, see Internet Only Manual (IOM), Pub 100-05, MSP Manual, Chapter 7, Section 60 and Chapter 4, Debt Collections.
K.2	Intent to Refer Letters (ITRs) for eligible debt are sent in a timely manner in accordance with CMS instructions. Timeframes for each type of debt can be found in the IOM, Chapter 4, Debt Collections.
K.3	Responses to the ITR letter are handled timely according to CMS instructions. Appropriate systems are updated to reflect any changes to the eligibility status of the debt and these statuses are properly reported on the financial reporting forms outlined in K.1. Procedures are in place to handle undeliverable letters. Refer to the IOM, Chapter 4, Debt Collections.

[This letter should go on the A/B, DME, or Specialty MAC's letter head]

K – Control Number	Control Objective – Debt Referral (MSP and Non-MSP)
K.4	<p>All contractors review the system generated HIGLAS CMS Debt Management (CMSDM) Return to Agency (RTA) report and update HIGLAS accordingly to ensure appropriate debts are referred to Treasury as follows:</p> <ul style="list-style-type: none"> • CMS contractors who have not transitioned to HIGLAS, including the Administrative Program Accounting (APA) line of business, ensure that the HIGLAS Debt Management Module is updated timely for debt referrals as needed. • HIGLAS contractors ensure that the HIGLAS AR transactions are updated timely for debt referrals as needed.
K.5	<p>When there is a change to a debt that has been referred for cross servicing, CMS contractors who have not transitioned to HIGLAS, including the APA line of business, update the HIGLAS Debt Management Module to initiate recalls, collections, and adjustments timely and accurately in accordance with CMS instructions. HIGLAS contractors initiate recalls, collections and adjustments timely and accurately by updating the HIGLAS Accounts Receivable (AR) transactions as needed.</p>
K.6	<p>All CMS contractors ensure that the CMSDM <i>Treasury</i> Collection Report Spreadsheets are completed timely in accordance with CMS instructions, and the appropriate source systems are updated as follows:</p> <ul style="list-style-type: none"> • CMS contractors who have not transitioned to HIGLAS, including the APA line of business, ensure that the HIGLAS Debt Management Module is updated timely with refund/adjustment information as needed. • HIGLAS contractors, including the APA line of business, ensure that the HIGLAS AR transactions are updated timely and accurately with the refund/adjustment information as needed.
K.7	<p>Treasury Cross-Servicing Dispute Resolution forms are researched, resolved, and responded to Treasury timely in accordance with CMS instructions. Procedures are in place and are being followed to respond to these disputes/inquiries, update the appropriate system, and properly report the status and balance of the debt in the financial reporting forms.</p>
K.8	<p>All CMS contractors ensure that the CMSDM RTA report spreadsheets are completed timely in accordance with CMS instructions and debts listed on the spreadsheet are properly reported on the financial reporting forms in accordance with CMS instructions. CMS contractors who have not transitioned to HIGLAS, including the APA line of business, follow the RTA Interface and Report instructions in the HIGLAS Debt Management Module training guide.</p>
K.9	<p>Contractors ensure that debts have the correct status when the debt is referred to Treasury and retains this correct status while at Treasury.</p>

End Section 50.11 – K Controls – Debt Referral (MSP and Non-MSP): Back to Table of Contents

70 – List of Commonly Used Acronyms

(Rev. 11133, Issued:11-30-21, Effective: 10-01-21, Implementation: 12-31-21)

Acronym	Definition
A/B	Medicare Part A / B
AICPA	American Institute of Certified Public Accountants
AO	Authorizing Official
AP	Account Payable

[This letter should go on the A/B, DME, or Specialty MAC's letter head]

Acronym	Definition
A&R	Audit & Reimbursement
AR	Account Receivable
AIFMA	Associate IFM Administrator
ARS	Acceptable Risk Safeguards
ART	Analytical, Reporting, & Tracking
ATO	Authority to Operate
BCRC	Benefit Coordination & Recovery Center
BDS	Beneficiary Data Streamlining
BPSSM	Business Partners Systems Security Manual
CAP	Corrective Action Plan
CERT	Comprehensive Error Rate Testing
CET	Continuing Education and Training
CFACTS	CMS FISMA Controls Tracking System
CFO	Chief Financial Officers Act of 1990
CMBRW	Contractor's Monthly Bank Reconciliation Worksheet
CMD	Contractor Medical Directors
CMS	Centers for Medicare and Medicaid Services
CNC	Currently Not Collectible
COR	Contracting Officer Representative
CPA	Certified Public Accountant
CPE	Contractor Performance Evaluation
CPIC	Certification Package for Internal Controls
CR	Change Request
CRAF	Collection Reconciliation Acknowledgement Forms
CRC	Commercial Repayment Center
CUECs	Complementary User Entity Controls
CWF	Common Working File
DCS	Debt Collection System
DD	Day/Date Number (01 – 31)
DME	Durable Medical Equipment
DPNA	Denial of Payment for New Admissions
DPP	Duplicate Primary Payment
ECRS	Electronic Correspondence Referral System
EDC	Enterprise Data Center
EDS	Electronic Data System
EOB	Explanation of Benefits
ERM	Enterprise Risk Management
ERS	Extended Repayment Schedule
FAR	Federal Acquisition Regulation
FISMA	Federal Information Security Management
FISS	Fiscal Intermediary Standard System
<i>FM</i>	<i>Financial Management</i>
FMFIA	Federal Managers' Financial Integrity Act of 1982
FPLP	Federal Payment Levy Program
FR	Financial Reporting
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GHP	Group Health Plan(s)
GSS	General Support System

[This letter should go on the A/B, DME, or Specialty MAC's letter head]

Acronym	Definition
HHS	The US Department of Health and Human Services
HIGLAS	Healthcare Integrated General Ledger Accounting System
HITECH	Health Information Technology for Economic and Clinical Health
ICOFR	Internal Controls Over Financial Reporting
ICS	Internal Control Standards
ID	Identifier
IFM	Innovation & Financial Management Group
IOM	Internet Only Manual
IPRS	Improper Payment Reduction Strategy
IRL	Intent to Refer Letters
IRS	Internal Revenue Service
ISPG	Information Security and Privacy Group
IT	Information Technology
ITR	Intent to Refer
IUR	Informational Unsolicited Response
JOA	Joint Operating Agreement
MAC	Medicare Administrative Contractor
MBES	Medicaid Budget and Expenditure System
MCS	Multi-Carrier System
MD	Maryland
MM	Month Number (01 – 12)
MMA	Medicare Prescription Drug, Improvement, and Modernization Act of 2003
MR	Medical Review
MW	Material Weakness
MSP	Medicare Secondary Payer
MSPPAY	Medicare Secondary Payer Payment Module
MSPRC	Medicare Secondary Payer Recovery Contractor
MSR	Monthly Status Report
NARA	National Archives and Records Administration
NPR	Notices of Program Reimbursement
NVA/ST	Network Vulnerability Assessment / Security Testing
OGC	Office of General Counsel
OIG	Office of Inspector General
OMB	Office of Management and Budget
PDAC	Pricing, Data Analysis, and Coding
PIM	Program Integrity Manual
POA&M	Plan of Action and Milestone
POC	Point of Contact
POE	Provider Outreach and Education
PRRB	Provider Reimbursement Review Board
PTS	Provider Tracking System
Pub	Publication
QIO	Quality Improvement Organization
RA	Remittance Advice
RO	Regional Office
RAC	Recovery Audit Contractor
RCA	Root Cause Analysis
RDS	Retiree Drug Subsidy
RMH	Risk Management Handbook

[This letter should go on the A/B, DME, or Specialty MAC's letter head]

Acronym	Definition
RRB	Railroad Retirement Board
RTA	Returned to Agency
SA&A	Security Assessment and Authorization
SAR	Strategy Analysis Report
SD	Significant Deficiency
SDLC	System Development Life Cycle
SMAC	Specialty Medicare Administrative Contractor
SOW	Statements of Work
SSAE 18	Statement on Standards for Attestation Engagements Number 18
SSM	Shared System Maintainer
SSP	System Security Plan
STAR	System Tracking for Audit and Reimbursement
STC	Single Testing Contractor
TDL	Technical Direction Letter
TOP	Treasury Offset Program
TROR	Treasury Report on Receivables
UDR	Uniform Desk Review
UPIC	Unified Program Integrity Contractor(s)
USGAO	United States General Accounting Office
VDC	Virtual Data Center
VMS	Viable Medicare System
VP	Vice President
XLC	eXpedited Life Cycle
20YY	Year Number (e.g. 2019, 2020, 2021, etc.)
ZPIC	Zone Program Integrity Contractor(s)

[End Section 70 – List of Commonly Used Acronyms: Back to Table of Contents](#)