

<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>Transmittal 11787</b>	<b>Date: January 19, 2023</b>
	<b>Change Request 12858</b>

**SUBJECT: Publication (Pub.) 100-06, Chapter 4, Section 70 Revision (Removal of Debt Collection System References and Corresponding Updates) and Inclusion of Existing Debt Close-Out (Termination of Collection Action) Instructions**

**I. SUMMARY OF CHANGES:** The purpose of this Change Request (CR) is to revise Pub. 100-06, Chapter 4, Section 70. The revisions will include the following:

- Removal of references of the Debt Collection System (DCS) (now retired).
- Addition of Healthcare Integrated General Ledger Accounting System (HIGLAS) Debt Management Module debt referral and Return to Agency (RTA) related instructions, including the equivalents that were previously performed in DCS.
- Debt close-out (termination of collection action) instructions that were previously provided in various Technical Direction.

**EFFECTIVE DATE: April 21, 2023**

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

**IMPLEMENTATION DATE: April 21, 2023**

***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.

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
R	3/160/Debt Close-Out
R	3/160/160.1/Reserved for Future Use
R	3/160/160.2/Reserved for Future Use
R	4/10/Requirements for Collecting Part A and B Non-MSP Provider Overpayments
R	4/70/70.6/Debt Ineligible for Referral
R	4/70/70.7/Intent to Refer Letter
R	4/70/70.8/Response to Intent to Refer Letter
R	4/70/70.9/Reserved for Future Use
R	4/70/70.10/Reserved for Future Use
R	4/70/70.11/Actions Subsequent to Debt Referral
R	4/70/70.12/Transmission of Debt
R	4/70/70.13 - Updates after Debt Transmission
R	4/70/70.14.1/Background
R	4/70/70.14.2/Intra-governmental Payment and Collection (IPAC) System
R	4/70/70.14.3/CMS Debt Management Collections Interface and Report
R	4/70/70.14.4/Reserved for Future Use
R	4/70/70.14.5/Reserved for Future Use
R	4/70/70.14.6/Reserved for Future Use
R	4/70/70.14.7/Excess Collections
R	4/70/70.14.8/Applying Excess Collections
R	4/70/70.14.8.1/If the Debtor Has Other Outstanding Debt
R	4/70/70.14.8.2/If the Debtor Has No Other Outstanding Debt
R	4/70/70.15.1/Financial Reporting for Non-MSP Debt
R	4/70/70.15.2/Reserved for Future Use
R	4/70/70.15.3/Financial Reporting for Collections Received on Debts from Cross Servicing
R	4/70/70.15.4/Financial Reporting for Debts Returned to Agency (RTA)
R	4/70/70.15.4.1/Debts RTA for Bankruptcy
R	4/70/70.15.4.2/RTA and other Debts, Pending Final Disposition
R	4/70/70.15.4.3/Debts RTA Because Dispute Timer Expired
R	4/70/70.15.4.4/Debts RTA Paid in Full or Satisfied Payment Agreement or Satisfied Compromise

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
R	4/70/70.16/Debt Close-Out
R	4/70/70.17/Debts Returned to Agency (RTA) by the United States Department of the Treasury (Treasury)
R	4/70/70.17.1/Debts RTA by Treasury due to Bankruptcy (RB)
R	4/70/70.17.2/Debts RTA by Treasury as Uncollectible (RU) or Out of Business (RN)
R	4/70/70.17.3/Debts RTA by Treasury as Dispute Response not Received Timely (RX)
R	4/70/70.17.4/Debts RTA by Treasury as a Miscellaneous Dispute, a Manual RTA, Complaint or as Recall Approved (RD)
R	4/70/70.17.5/Debts RTA by Treasury as Paid in Full (RP), Satisfied Payment Agreement (RP) or Satisfied Compromise (RC)
D	4/70/Exhibit 3 A - Collection/Refund Spreadsheet (Part A)
D	4/70/Exhibit 3 B - Collection/Refund Spreadsheet (Part B)
D	4/70/Exhibit 4 – Debt Collection System User Guide

### **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

<b>Pub. 100-06</b>	<b>Transmittal: 11787</b>	<b>Date: January 19, 2023</b>	<b>Change Request: 12858</b>
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**SUBJECT: Publication (Pub.) 100-06, Chapter 4, Section 70 Revision (Removal of Debt Collection System References and Corresponding Updates) and Inclusion of Existing Debt Close-Out (Termination of Collection Action) Instructions**

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## I. GENERAL INFORMATION

**A. Background:** The Digital Accountability and Transparency Act of 2014 (DATA Act) requires all federal agencies to refer all eligible delinquent debt to Treasury by the 120th day of delinquency. Prior to suspending or terminating debt collection activities, an agency is required to take all reasonable debt collection activities and fully document the appropriate information concerning the debtor and the claim.

**B. Policy:** DATA Act

## 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 A S	M C S	V M S	C W F		
12858.1	Contractors not utilizing HIGLAS and CMS shall refer the debt by utilizing the Debt Referral Form within ten calendar days of the status change making the debt eligible for referral, if the Intent to Refer (ITR) letter has been sent, and at least 60 days have passed since the date of the ITR letter (including the ITR letter returned undeliverable).										CMS, HITECH
12858.2	The contractor shall send the “final demand letter”, which is defined as the last letter routinely sent to debtors to request payment, when or before the debt is 30 to 61 days delinquent (60 to 91 days from the determination date).	X	X	X	X						BCRC, CRC, HIGLAS, HITECH, IPC, RRB-SMAC
12858.3	Contractors sending manual ITR letters should use their own language in the opening paragraphs to explain the reason for the overpayment and the current balance, including interest accrued and the interest rate.	X	X	X	X						BCRC, CRC, HITECH, IPC, RRB-SMAC







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			
	CMSDM Treasury Collections Report to CMS.											
12858.21.3	The contractor utilizing HIGLAS shall document all comments/activity on its CMSDM Treasury Collections Report for its internal documentation but is not required to forward its partially completed or completed CMSDM Treasury Collection Report to CMS.	X	X	X	X							BCRC, CRC, IPC, RRB-SMAC
12858.21.4	The contractor shall make appropriate adjustments in HIGLAS or its internal systems, for contractors not utilizing HIGLAS, to reflect the refund activity.	X	X	X	X							BCRC, CRC, HITECH, IPC, RRB-SMAC
12858.22	The contractor not utilizing HIGLAS shall continue to report the debt at their location for financial reporting purposes.											HITECH
12858.22.1	The contractor not utilizing HIGLAS shall continue to accrue and report interest in its internal systems on a debt after the debt has been referred for cross-servicing.											HITECH
12858.23	<p>Contractors shall submit the following debts for close-out (termination of collection action):</p> <ul style="list-style-type: none"> <li>Non-Medicare Secondary Payer (MSP) provider/supplier debts with a combined principal and interest balance of less than \$25. The HIGLAS Auto Write-Off Program (AWOP) will systematically close-out these particular debts based on non-excluded transaction types that are 180 days old (from the demand letter/determination date) with no collections within the last 60 days.</li> <li>MSP debt with a combined principal and interest balance of less than \$25. The HIGLAS AWOP will systematically close-out these MSP debts that are at least 120 days old (from the demand letter/determination date) with no collections within the last 60 days.</li> <li>MSP debt where the debtor is deceased. The contractor shall not close-out these debts when the debtor is deceased and the estate is still</li> </ul>	X	X	X	X							BCRC, CRC, HITECH, IPC, RRB-SMAC



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	
	<p>open or when the MSP claim arises from a wrongful death, survival or other cause of action claiming medical damages incurred by the beneficiary where the settlement, judgment or award is awarded to an individual or entity other than the beneficiary's estate. The contractor shall also not terminate collection action or close-out debts that are in litigation and/or under negotiation by the Office of General Counsel (OGC) or the Department of Justice (DOJ).</p> <ul style="list-style-type: none"> <li>Non-MSP beneficiary debts with a principal balance of less than \$50.</li> </ul>									
12858.23.1	<p>Contractors shall submit the following debts for close-out (termination of collection action):</p> <ul style="list-style-type: none"> <li>Non-MSP beneficiary debts with principal balance between \$50 and \$999.99, over 425 days old, the last payment date is greater than 365 days old, and the contractor has verified there are no other collections for the same beneficiary.</li> <li>Non-MSP beneficiary debts with a principal balance greater than or equal to \$1,000, have been referred to the Social Security Administration (SSA), have no collections, over 425 days old, and the last payment date is 365 days old.</li> <li>Debts greater than six years old with a combined principal and interest balance greater than or equal to \$25 that have been Returned to Agency (RTA) by Treasury and the contractor has performed the required steps to resolve and/or research the debt to confirm the RTA status. Debts with a combined principal and interest balance less than \$25 do not require any research. This includes debts that have been returned to agency (RTA'd) with a combined principal and interest balance less</li> </ul>	X	X	X	X				BCRC, CRC, HITECH, IPC, RRB-SMAC	

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	
	<p>than \$25 but later exceeds \$25 as a result of accrued interest while awaiting close-out review.</p> <ul style="list-style-type: none"> <li>Certain debts that have not been referred to Treasury (non-RTA) for various reasons such as bankruptcy or litigation. The contractor shall submit the justification and supporting documentation, including the Office of General Counsel (OGC) correspondence for such debt close-outs.</li> </ul>									
12858.24	The contractor shall only submit debts for close-out review for those providers/suppliers who have a valid National Provider Identifier (NPI).	X	X	X	X					BCRC, CRC, HITECH, IPC, RRB-SMAC
12858.25	Before any debts can be submitted to the CO or RO, the contractor shall submit a fraud check request to the Center for Program Integrity (CPI).	X	X	X	X					HITECH, IPC, RRB-SMAC
12858.25.1	The contractor shall conduct fraud checks through CPI's Unified Case Management (UCM) system for providers/suppliers that have an NPI.	X	X	X	X					HITECH, IPC, RRB-SMAC
12858.25.2	<p>The contractor shall use the following instructions for requesting fraud check reports:</p> <ol style="list-style-type: none"> <li>The contractor shall create an Excel spreadsheet listing the NPIs and names of the providers/suppliers. The NPIs and provider/supplier names shall be obtained from the related debt close-out spreadsheet. The contractor shall use the naming format FraudChk_Contractor-Jurisdiction_Reviewer_Period Ending (example – FraudChk_ABC-J2_RO_FY19Q4) when naming/saving the file(s).</li> <li>The contractor shall email its fraud check request spreadsheet along with a completed CPI data request form to CPIFraudcheck-OFMDebt@cms.hhs.gov with the subject line "Contractor/Jurisdiction Fraud Check Request" (example – ABC/J2 Fraud Check Request).</li> </ol>	X	X	X	X					HITECH, IPC, RRB-SMAC
12858.25.3	The contractor shall use the following instructions for requesting fraud check reports (continued):	X	X	X	X					HITECH, IPC, RRB-SMAC

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		
	<p>3. The contractor shall expect to receive the fraud check report from CPI within one week of sending the fraud check request to CPI. The contractor shall use the fraud check report to determine if the provider/supplier has an open fraud case. Please note the following:</p> <ul style="list-style-type: none"> <li>The NPI is listed in column A (PRVDR_NPI_NUM).</li> <li>Column B (UCM_FRAUD_CHECK) will indicate a “Y” if the NPI was found in UCM. An “N” in column B will indicate that there are no records listed for the NPI. Therefore, all other fields will be blank.</li> <li>If there is a “Y” in column B, proceed to column P (RFRL_OPEN_IND) to determine if the case is open or closed. If there is a “Y”, the case is open which means that the provider’s/supplier’s debts are not eligible for close-out. An “N” indicates that the provider’s/supplier’s fraud case is closed.</li> <li>If there are more than one open and/or closed fraud cases for a given provider/supplier, filter column P with the “Ys” only to get only those providers/suppliers with open fraud cases. If all entries for a given NPI have an “N” in columns B or P, then the debt is eligible for RO or CO close-out review/approval. However, if one or more of a given provider/supplier NPI’s entries has a “Y” in column P, the NPI's debts are not eligible to be submitted for RO or CO close-out review/approval.</li> </ul>										
12858.25.4	The contractor shall include a copy of the fraud check report for the NPIs that are included on the particular debt close-out spreadsheet that is sent to the CO or RO.	X	X	X	X						HITECH, IPC, RRB-SMAC
12858.26	The contractor shall submit two separate quarterly debt close-out reports utilizing the Debt Close-Out Request template/spreadsheet.	X	X	X	X						BCRC, CRC, HITECH, IPC, RRB-SMAC
12858.26.1	The contractor shall submit the debt close-out reports to CMS no later than the first day of the second month	X	X	X	X						BCRC, CRC, HITECH, IPC,

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		
	of each quarter (i.e., November 1, February 1, May 1, and August 1). If this day falls on a weekend or federal holiday, the next business day will be the due date.										
12858.26.2	The contractor utilizing HIGLAS shall only include new debts with a combined principal and interest balance greater than or equal to \$25.	X	X	X	X						BCRC, CRC, IPC, RRB-SMAC
12858.26.3	The contractor not utilizing HIGLAS shall include all eligible debts.										HITECH
12858.26.4	The contractor shall consider each debt as separate identifiable debt, which shall not be aggregated with other debts.	X	X	X	X						BCRC, CRC, HITECH, IPC, RRB-SMAC
12858.26.5	The contractor shall only include provider/supplier debt that is associated with a valid NPI.	X	X	X	X						HITECH, IPC, RRB-SMAC
12858.26.6	The contractor shall include in the first report, debts that are not eligible for Treasury referral (e.g., beneficiary, fraud, deceased provider/supplier), referred to as non-Return to Agency (non-RTA) debts, and non-RU (uncollectible)/RN (out of business) debts (other than bankruptcy debts) with principal balances up to \$100,000 and RU/RN debts with principal balances up to \$500,000. The debts listed on this report will be reviewed and approved by the RO (CMS CO for Medicare Secondary Payer (MSP) debts).	X	X	X	X						BCRC, CRC, HITECH, IPC, RRB-SMAC
12858.26.7	The contractor shall include in the second report, which is for debts that will be reviewed by OGC, non-RTA and non-RU/RN debts (other than bankruptcy debts) with a principal balance greater than \$100,000 and RU/RN debts with a principal balance greater than \$500,000, provided that all categories of debts are greater than 6 years old.	X	X	X	X						BCRC, CRC, HITECH, IPC, RRB-SMAC
12858.26.8	The contractor shall include the following documentation for <b>Part A</b> debts that will be reviewed by OGC:  1. Notice of Program Reimbursement (NPR) - <b>(cost report debts only)</b> 2. Initial demand letter 3. Final appeal decision letter sent from	X	X	X	X						BCRC, CRC, HITECH, IPC, RRB-SMAC

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		
	<p>contractor's appeals department to overpayments department (decision only, exhibits not required)</p> <p>4. Intent to Refer (ITR) letter</p> <p>5. Most recent Extended Repayment Schedule (ERS) – <b>(if applicable)</b></p> <p>6. A report from PECOS and/or copies of 855 Forms showing:</p> <ul style="list-style-type: none"> <li>• date the debtor's Medicare enrollment ended; or</li> <li>• identifying information on all owners/managing employees/directors; and</li> <li>• whether there are owners/managing employees/directors of the debtor company who are affiliated with a provider/supplier that is still operating in the Medicare program. If so, the MAC shall also include identifying information from PECOS about the company with which he or she is affiliated, including the interest he or she has in that company.</li> </ul>										
12858.26.9	<p>The contractor shall include the following documentation for <b>Part B and MSP</b> debts that will be reviewed by OGC:</p> <p><b>(Not required if the provider/supplier has more than more than ten debts requested to be closed out during a quarter. But required for all extrapolated overpayments.)</b></p> <ol style="list-style-type: none"> <li>1. Initial demand letter</li> <li>2. Final appeal decision letter sent from contractor's appeals department to overpayments department (decision only, exhibits not required)</li> <li>3. Intent to Refer (ITR) letter</li> <li>4. Most recent Extended Repayment Schedule (ERS) – <b>(if applicable)</b></li> <li>5. A report from PECOS and/or copies of 855 Forms showing:</li> </ol> <ul style="list-style-type: none"> <li>• date the debtor's Medicare enrollment ended; or</li> </ul>	X	X	X	X					BCRC, CRC, HITECH, IPC, RRB-SMAC	

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		
	<ul style="list-style-type: none"> <li>identifying information on all owners/managing employees/directors; and</li> <li>whether there are owners/managing employees/directors of the debtor company who are affiliated with a provider/supplier that is still operating in the Medicare program. If so, the MAC shall also include identifying information from PECOS about the company with which he or she is affiliated, including the interest he or she has in that company.</li> </ul>										
12858.26.10	For debts that are submitted to CMS that CMS may in turn may forward to the OGC with CMS's recommendation, the contractor shall provide a separate debt close-out report and certification statement signed by its Chief Financial Officer in accordance with Financial Management Manual, Ch. 4, § 70.17.2 for the debts serviced by a particular RO. The certification statement must state that it covers the listed debts and then list: (1) the number of debts; (2) the total principal balance of the debts; and (3) total interest balance of the debts.	X	X	X	X						BCRC, CRC, HITECH, IPC, RRB-SMAC
12858.26.11	<p>The MAC shall use the provider's/supplier's address to determine the OGC RO. Below is the list of the OGC ROs and the states that each RO services. The list can also be found at <a href="https://www.hhs.gov/about/agencies/ogc/key-personnel/regional-offices/index.html">https://www.hhs.gov/about/agencies/ogc/key-personnel/regional-offices/index.html</a>.</p> <ul style="list-style-type: none"> <li>Region I (Boston) - Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont</li> <li>Region II (New York) - New Jersey, New York, Puerto Rico, Virgin Islands</li> <li>Region III (Philadelphia) - Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia</li> <li>Region IV (Atlanta) - Alabama, Florida, Georgia, Kentucky, Mississippi, North</li> </ul>	X	X	X	X						BCRC, CRC, HITECH, IPC, RRB-SMAC



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	
	what status the debt was updated to and post in a secure drive where CMS can access the updated spreadsheet. The contractor shall also add any applicable comments to the spreadsheet.									
12858.29	HIGLAS shall automatically update the temporary RTA status codes for RU (uncollectible) and RN (out of business) debts to 'DR-RTN-CS' (Debt Returned from Cross-Servicing).								HIGLAS	
12858.29.1	For RU and RN debts with a combined principal and interest balance less than \$25: <ul style="list-style-type: none"> <li>Contractors utilizing HIGLAS shall allow the HIGLAS Auto Write-Off Program to identify these debts and systematically close them out.</li> <li>Contractors not utilizing HIGLAS shall submit for close-out review.</li> </ul>	X	X	X	X				BCRC, CRC, HITECH, IPC, RRB-SMAC	
12858.29.2	The contractors shall use the RTA report to research the RU or RN debts with a combined principal and interest balance greater than or equal to \$25, in order to determine the current status or final disposition.	X	X	X	X				BCRC, CRC, HITECH, IPC, RRB-SMAC	
12858.29.3	The contractors shall determine whether collection by litigation is a viable option for debts with a combined principal and interest balance greater than or equal to \$25 showing a status code of RU or RN.	X	X	X	X				BCRC, CRC, HITECH, IPC, RRB-SMAC	
12858.29.4	The contractors shall also consider whether all other appropriate actions to collect debts with a combined principal and interest balance greater than or equal to \$25 have been taken before recommending debts for Write-Off Closed (WOC),	X	X	X	X				BCRC, CRC, HITECH, IPC, RRB-SMAC	
12858.29.5	The contractor shall submit these debts as instructed in Chapter 4, § 70.16. The contractor shall include the Contractor Validation Statement with each close-out request submission.	X	X	X	X				BCRC, CRC, HITECH, IPC, RRB-SMAC	
12858.29.6	For all debts that meet the criteria above, the contractor utilizing HIGLAS shall change the status to the appropriate Request for Write-Off status code.	X	X	X	X				BCRC, CRC, IPC, RRB-SMAC	



Number	Requirement	Responsibility								Other
		A/B MAC			D M E M A C	Shared- System Maintainers				
		A	B	H H H		F I S S	M C S	V M S	C W F	
12858.29. 7	When CMS approves the debts for WOC, the contractors shall complete the WOC process including changing the status to the appropriate Write-Off/Approved/Closed status code, making the appropriate adjustments in HIGLAS or internal system, and making all appropriate adjustments on CMS Form 751 or the Treasury Report on Receivables.	X	X	X	X					BCRC, CRC, HITECH, IPC, RRB-SMAC
12858.30	The contractor shall research and resolve the debts in a Dispute Response not Received (RX) status that have a combined principal and interest balance greater than or equal to \$25 within 30 business days.	X	X	X	X					BCRC, CRC, HITECH, IPC, RRB-SMAC
12858.30. 1	For RX debts that have a combined principal and interest balance less than \$25: <ul style="list-style-type: none"> <li>Contractors Utilizing HIGLAS shall allow HIGLAS to systematically update the status code to 'DR-RTN-CS' (Debt Returned from Cross-Servicing), which will allow the debt to be identified and written off by the HIGLAS Auto Write-Off Program.</li> <li>Contractors NOT Utilizing HIGLAS shall submit these debts for close-out.</li> </ul>	X	X	X	X					BCRC, CRC, HIGLAS, HITECH, IPC, RRB-SMAC
12858.30. 2	The contractors shall re-refer the debts to Treasury, even if a response to the disputes were previously submitted to Treasury, if the debts are still valid and eligible for referral to Treasury.	X	X	X	X					BCRC, CRC, HITECH, IPC, RRB-SMAC
12858.30. 3	The contractors shall add a comment in the HIGLAS Additional Comments field on the AR Status History Screen reflecting any action taken and the date of the RTA report in which the debts appear.	X	X	X	X					BCRC, CRC, HITECH, IPC, RRB-SMAC
12858.31	The contractor shall research and resolve debts in a dispute (RD) RTA status code greater than or equal to \$25 and within 30 business days update HIGLAS or its internal system with the final disposition of the debts.	X	X	X	X					BCRC, CRC, HITECH, IPC, RRB-SMAC
12858.31. 1	The contractors utilizing HIGLAS shall change the status code of the debts from RD to R-DCS (Debts	X	X	X	X					BCRC, CRC, HITECH, IPC,

Number	Requirement	Responsibility								Other
		A/B MAC			D M E M A C	Shared- System Maintainers				
		A	B	H H H		F I S S	M C S	V M S	C W F	
	Resubmitted to Cross-Servicing) to be automatically re-referred to Treasury, if any debts are still valid and eligible for referral to Treasury. The contractor not utilizing HIGLAS shall manually re-refer the debt to Treasury.									RRB-SMAC
12858.31.2	<p>For RD debts that have a combined principal and interest balance less than \$25:</p> <ul style="list-style-type: none"> <li>Contractors Utilizing HIGLAS shall allow HIGLAS to automatically update the status code to 'DR-RTN-CS' (Debt Returned from Cross-Servicing), which will allow the debt to be identified and written off by the HIGLAS Auto Write-Off Program.</li> <li>Contractors NOT Utilizing HIGLAS shall submit these debts for close-out.</li> </ul>	X	X	X	X					BCRC, CRC, HITECH, IPC, RRB-SMAC
12858.32	Contractors not utilizing HIGLAS shall adjust down the remaining balance(s) to \$0.00, if a debt is RTA as paid in full or satisfied payment agreement and a principal balance less than or equal to \$100 and/or an interest balance less than \$500 remains after the receipt has been applied. HIGLAS shall automatically adjust down these balances to \$0.00 for contractors utilizing HIGLAS.	X	X	X	X					BCRC, CRC, HIGLAS, HITECH, IPC, RRB-SMAC
12858.32.1	The contractor shall research all past receipts on the debt to determine if they were appropriately applied and take any action if needed, if a debt is RTA as paid in full or satisfied payment agreement and a principal balance greater than \$100 and/or an interest balance greater than or equal to \$500 remains after the receipt has been applied. If all receipts were applied appropriately, the contractor shall then adjust down the remaining balance to \$0.00.	X	X	X	X					BCRC, CRC, HITECH, IPC, RRB-SMAC
12858.32.2	The contractor utilizing HIGLAS shall use the appropriate write-off adjustment code to adjust down the remaining balance to \$0.00, after all receipts including the compromised (agreed) amount have been applied, if a debt is RTA as satisfied compromise (RC). Contractors not utilizing HIGLAS shall adjust down the remaining balance and document the close-	X	X	X	X					BCRC, CRC, HITECH, IPC, RRB-SMAC

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	
	out in its internal systems to allow it to be recognized for required reporting purposes.									

### 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):** Jay Blake, 443-934-3984 or jay.blake@cms.hhs.gov , Monica Thomas, 410-786-4297 or Monica.Thomas@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: 1**

# Medicare Financial Management

## Chapter 3- Overpayments

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**(R11787, Issued:01-19-23)**

**160 – *Debt Close-Out***

**160.1- *Reserved for Future Use***

**160.2 - *Reserved for Future Use***

## **160 – *Debt Close-Out***

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

The contractor can request *close-out* for any *eligible* debt. However, the final decision to close- out any debt must be approved by CMS. *(See Chapter 4, §§ 70.16 and 70.17.2)*

**160.1- *Reserved for Future Use***

**160.2 - *Reserved for Future Use***

# Medicare Financial Management

## Chapter 4 - Debt Collection

### Table of Contents

(R11787, Issued:01-19-23)

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70.16 - *Debt Close-out*

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

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

**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).

### **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)

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**

1. 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.’
2. 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.
3. 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.
4. 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.’
5. 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.

### 70.6 - Debt Ineligible for Referral

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

Non-MSP debt ineligible for referral include those: (1) in bankruptcy status, (2) in an appeal status (pending at any level), (3) at the Department of Justice, (4) where the debtor is deceased, (5) Federal entity debt where the debtor is a Federal agency, (6) where the principal and interest balance is less than \$25, or (7) debt under fraud and abuse investigation where the investigating unit has provided the contractor with specific instructions not to attempt collection.

Treasury has also approved a waiver for the mandatory referral of unfiled cost report debt for cross servicing and/or TOP and for debts less than \$100 that do not have a TIN.

Contractors shall monitor debt previously ineligible for referral that become eligible for referral. If the status of the debt changes to an eligible status, contractors shall determine whether an ITR letter has been sent. If the ITR letter has been sent, and at least 60 days have passed since the date of the ITR letter (including the ITR letter returned undeliverable), contractors *not utilizing HIGLAS* shall *refer* the debt *by utilizing the Debt Referral Form* within ten calendar days of the status change making the debt eligible for referral. If the ITR letter has not been sent, contractors shall send the ITR letter within ten calendar days of the status change making the debt eligible for referral, and follow the normal debt referral process.

### 70.7 - Intent to Refer Letter

*(Rev.11787; Issued: 01-19-23; Effective: 04-21-23; Implementation: 04-21-23)*

To comply with the DCIA requirements to provide specific notice to debtors before referring a debt for cross servicing and/or TOP, contractors shall send an Intent to Refer (ITR) letter as their final demand letter for all eligible delinquent debt. *The contractor shall send the "final demand letter", which is defined as the last letter routinely sent to debtors to request payment, when or before the debt is 30 to 61 days delinquent (60 to 91 days from the determination date).* A sample ITR letter is included in Exhibit 1 of this section.

The ITR letter shall be sent regardless of previous collections on the debt, unless there is an approved current extended repayment agreement in effect.

When appropriate, the ITR letter shall include the amount of interest due, along with the date of the last interest accrual. contractors may add additional wording to this letter that shall provide additional instructions or clarification regarding the recoupment of the overpayment.

Contractors *sending manual ITR letters* should use their own language in the opening paragraphs to explain the reason for the overpayment and the current balance, including interest accrued and the interest rate.

The ITR letter shall be signed by the contractor official who routinely signs the demand letters.

The language in the ITR letter shall include a sentence that says: "If, after sixty calendar days from the date of this letter we have not received such evidence, your debt, if it is still outstanding and eligible for referral, shall be referred to the Department of Treasury or its designated Debt Collection Center for cross servicing/offset."

## 70.8 - Response to Intent to Refer Letter

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

Contractors shall respond to any inquiries received as a result of the ITR letter within 15 calendar days of receipt. If the status of the debt changes based on the communications with the debtor, contractors shall update all appropriate systems timely.

The ITR letter provides debtors with 60 calendar days to respond. If, by day 61 the debtor has not responded *to the ITR letter, the contractor not utilizing HIGLAS shall refer the debt immediately by using the Debt Referral Form. For contractors utilizing HIGLAS, the debt will be systematically referred to Treasury 66 days from the ITR letter date.* Debt for which less than full payment was received, or there is a current repayment agreement that is in default, are eligible for referral for cross servicing and/or TOP. Where there has been a partial recoupment or collection, but the collection is not the result of a current extended repayment agreement, the balance (if principal and interest balance is greater than or equal to \$25) shall still be referred for cross servicing and/or TOP. *The contractor shall not refer debts to Treasury that are ineligible for referral or exempt from referral to cross servicing and/or TOP.*

Before *referring* a debt for cross servicing, contractors shall first determine if the debt should be referred to the Regional Office (RO) for litigation rather than referral to Treasury for cross servicing. If it is determined that the debt should be litigated, contact the RO for further action.

If the ITR letter is returned as undeliverable, contractors shall follow established procedures to locate a better address. (See Chapter 4, §§ 10 and 80) If a better address is obtained, the contractor shall send the provider/supplier a manual ITR notification letter, with the original ITR letter attached, to the better address. The original ITR letter date shall remain in effect. If the ITR letter is returned as undeliverable and a better address cannot be located *within 10 business days:*

- *the contractor not utilizing HIGLAS shall refer the debt to Treasury by entering the debt into the Debt Referral Form 60 calendar days from the date of the original letter.*
- *the contractor utilizing HIGLAS shall update the status code to 'LTR-UNDL-ITR.' HIGLAS will systematically refer the debt to Treasury 66 days from the ITR letter date.*

## 70.9 – *Reserved for Future Use*

## 70.10 - *Reserved for Future Use*

## 70.11 - Actions Subsequent to *Debt Referral*

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

Once the debt is referred for cross servicing, active collection efforts by the contractors and/or CMS shall cease. However, debt referred for cross servicing and/or TOP shall still be maintained in *HIGLAS* or in the contractors' internal systems for financial reporting, interest accrual, and possible internal recoupment. *The contractor not utilizing HIGLAS shall be responsible for updating all the applicable systems. The contractor shall utilize the Debt Referral Form for the manual change of the status and the balance of the debt at Treasury.*

## 70.12 - Transmission of Debt

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

*Prior to the weekly transmission of debts to Treasury, the contractor shall certify its debts by the close of business on the day before transmission. When CMS transmits debts to Treasury, CMS shall generate an CMS Debt Management (CMSDM) Outbound Debt Referral Report that will list the debts transmitted that week. The contractor utilizing HIGLAS shall use the appropriate responsibility to retrieve the report that will list its debts only. The contractor not utilizing HIGLAS shall update its internal systems with the debts' transmission status and send a transmitted debt report to CMS with 15 business days. The contractors shall review the reports to ensure that debts transmitted remain valid and amounts are accurate.*

## **70.13 - Updates after *Debt* Transmission**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

Once a debt has been referred for cross servicing and/or TOP:

*The contractors shall update HIGLAS or the Debt Referral Form (contractors not utilizing HIGLAS), within ten business days of the notification of the change to the debt if the contractors discover an error, collection (by check or recoupment), or receive information establishing that the debt is ineligible for cross servicing (i.e., bankruptcy, appeal),*

If Treasury or a *Private Collection Agency (PCA)* discovers an error, collects on the debt, or receives information, that would render the debt ineligible for cross servicing, Treasury shall notify *CMS and its contractors via the CMS Debt (CMSDM) Management Inbound Acknowledgment, Treasury Dispute Timer, or Collections Report. The contractor not utilizing HIGLAS shall update its* internal records, as appropriate. *The contractor shall return the completed CMSDM Treasury Dispute Timer Reports to CMS within 30 calendar days.*

If Treasury or the PCA receives a dispute from the debtor or obtains additional information regarding the debt that requires CMS or contractor intervention, a Treasury Cross-Servicing Dispute Resolution Form shall be sent to CMS. The CMS shall maintain a report of all debt in dispute and forward the information to the contractors for review and decision. The contractors shall have 30 calendar days to respond to Treasury and update their internal systems if applicable, and shall copy CMS RO and CO on their response. *The contractor shall recall the debt if it is determined that the dispute is valid.*

If Treasury does not receive the response to the dispute timely, the debt may be returned to agency (RTA) with the reason "dispute timer expired."

### **70.14.1 - Background**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

*Collection reports* from the Department of the Treasury (Treasury) as a result of cross servicing efforts are received by CMS central office (CO) through the Intra-governmental Payment and Collection (IPAC) system *multiple times per month*. Collections may be received as a result of collection efforts by Treasury's Servicing Center or by a Treasury contracted Private Collection Agency (PCA) including installment payments on Treasury approved extended repayment schedules or from offsets from the TOP.

### **70.14.2 - Intra-governmental Payment and Collection (IPAC) System**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

*The collection report generated from the IPAC system includes a break out of principal and interest collected on individual debts; however, the report does not show the*

*balance and the status of the debt after the collection. Treasury calculates interest on a daily basis while CMS calculates interest monthly. Therefore, the amount of interest collected by Treasury or its PCAs may not equal the amount of interest shown as accrued by the contractors.*

### **70.14.3 - CMS Debt Management Collections Interface and Report**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

*The CMS Debt Management (CMSDM) Collections Interface reports collections back to HIGLAS on debts that were referred to Treasury. The contractor shall view its Roundtrip Status Report every Monday to determine if the CMSDM Treasury Collections Report is available from the Friday HIGLAS cycle. The contractor shall use the appropriate HIGLAS responsibility to generate the CMSDM Treasury Collections Report which is the result of processing the interface and is available three times per month.*

*For each debt listed on the CMSDM Treasury Collections Report, contractors not utilizing HIGLAS shall apply the collection to principal and interest amounts as indicated. For collection of interest only, contractors not utilizing HIGLAS shall post the interest as shown on the CMSDM Treasury Collections Report. An interest adjustment is not required prior to posting the collection. For collection of principal and interest, contractors not utilizing HIGLAS shall manually adjust the amount of interest accrued in its internal system to the amount of interest collected as listed on the CMSDM Treasury Collections Report. This will make the amount of the accrued interest equal to the amount of interest collected which is listed on the CMSDM Treasury Collections Report. Contractors not utilizing HIGLAS shall then post the collection. Interest shall continue to accrue on the remaining principal balance. Contractors not utilizing HIGLAS shall use the current date as the date of collection to post the Treasury collections to their systems. Contractors not utilizing HIGLAS shall complete and return to CMS the CMSDM Treasury Collections Report within 15 business days of receipt.*

*Contractors utilizing HIGLAS shall complete/update their adjustments/refunds within 15 business days of receipt of the CMSDM Treasury Collections Report. CMS shall run a CMSDM Treasury Collections Report on day 16 to determine if there are any unapplied debts. If there are any unapplied debts CMS shall create a report listing those debts and send to the MAC via email. The contractor shall take immediate corrective action and send an Excel spreadsheet back to CMS showing the updates. If a refund is not resolved, the contractor shall have an additional 15 business days to resolve the refund.*

### **70.14.4 – Reserved for Future Use**

### **70.14.5 – Reserved for Future Use**

### **70.14.6 - Reserved for Future Use**

### **70.14.7 – Excess Collections**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

Amounts collected may exceed the amount of the debt that was referred for cross servicing/TOP. As an example, an excess collection may result from Treasury and its PCAs receiving a collection and contractors recouping the same debt by internal withhold.

### **70.14.8 - Applying Excess Collections**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

Contractors shall apply the *excess* collection to the debt listed on the *CMSDM Collection Report* in order to bring the balance to zero. Contractors shall then determine if the debtor has any other outstanding debts including interest to which the excess collection may be applied.

#### **70.14.8.1 - If the Debtor Has Other Outstanding Debt**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

If the debtor has other outstanding debt, the excess collection shall then be applied to the oldest debt first (then next oldest), in accordance with established procedures for applying excess collections against a debtor's overpayments. The breakout of principal and interest on the *CMSDM Treasury Collections Report* does not apply when the excess collection is applied to another outstanding debt.

#### **70.14.8.2 - If the Debtor Has No Other Outstanding Debt**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

If there are no other outstanding debts, the excess portion of the collection, after bringing the debt listed on the spreadsheet to a zero balance, shall be refunded. The amount of the refund shall be annotated on the *CMSDM Treasury Collections Report*. *The contractor shall process the refund within 15 business days-* A copy of the *report*, with the appropriate annotations regarding the refund, shall be kept in the debtor file for audit trail purposes. The contractor shall make appropriate adjustments in *HIGLAS or its* internal systems, *for contractors not utilizing HIGLAS*, to reflect the refund activity.

#### **70.15.1 - Financial Reporting for Non-MSP Debt**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

*The contractor not utilizing HIGLAS* shall continue to report the debt at their location for financial reporting purposes. Debt referred to Treasury for cross servicing shall not be transferred out on the Form CMS 751 (Status of Accounts Receivable). See Chapter 5 for Financial Reporting instructions.

*The contractor not utilizing HIGLAS* shall continue to accrue and report interest in *its* internal systems on a debt after the debt has been referred for cross servicing.

Contractors shall follow the instructions outlined in Chapter 5, Section 270. *The contractors* shall report and post all activities related to these debts according to CMS guidelines and instructions.

#### **70.15.2 - *Reserved for Future Use***

#### **70.15.3 - Financial Reporting for Collections Received on Debts from Cross Servicing**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

Contractors shall follow the instructions outlined in Chapter 5, Section 270. *The contractor* shall report and post all activities related to these debts according to CMS guidelines and instructions.

Collections posted to the debts listed on the *CMSDM Treasury Collection Report* shall be reported in Section A, Line 4C, Collections Deposited at Other Location, and Section C, Line 4C, Collections Deposited at Another Location, of Forms CMS H 751. If the debt is in a Currently Not Collectible (CNC) status, the amounts collected shall be reported in Section A, Line 4A, Re-established as Active A/R, and Section C, Collections on CNC Debt, of the Forms CMS C 751 and in Section A, Line 6B, Transfers In From CNC, and Line 4C, Collections Deposited at Other Location on Forms CMS H 751.



The amount of accrued interest that is adjusted in order to equal the amount of interest collected and posted to the debt shall be reported on Line 5A, Adjusted Amounts, Internal Adjustments, of Forms CMS H 751 or Line 4E, Other, of Forms CMS C 751, if the debt is in CNC status. Contractors shall separately track interest adjustment amounts reported on the “Adjusted Amounts” line on Forms CMS H 751 or reported on the “Other” line on the Forms CMS C 751. The interest adjustment amounts shall be reported in the “Remarks” section of the Forms CMS 751.

For contractors who have transitioned to the Healthcare Integrated General Ledger Accounting System (HIGLAS), collections reported and posted to the debts on the *CMSDM Treasury Collections Report* shall be reported on the Treasury Report on Receivables and Debt Collection Activities Report (TROR), Part I, Section A, Line (4)(D), Collections by Treasury through Offset and Cross-Servicing and in Part II, Section C, Line (1)(G), By Treasury/Designated Debt Collection Center Cross-Servicing. If the debt is in a Currently Not Collectible (CNC) status, the amounts collected shall be reported in Part I, Section A, on Line (4) (D), Collections by Treasury Through Offset and Cross-Servicing, and Line (5) (E), Written-Off Debts Reinstated for Collections and also in Part II, Section C, Line (1) (G), By Treasury/Designated Debt Collection Center Cross-Servicing.

#### **70.15.4 - Financial Reporting for Debts Returned to Agency (RTA)**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

Debts RTA shall be reported in the appropriate line of the CMS Form 751 (*contractors not utilizing HIGLAS*) and the Treasury Report of Receivables and Debt Collection Activities (TROR) Reports (*contractors utilizing HIGLAS*). Details regarding debts RTA are outlined in Section 70.17 herein.

##### **70.15.4.1 - Debts RTA for Bankruptcy**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

Debts RTA for Bankruptcy shall be reported in Bankruptcy status as soon as *the* contractor has bankruptcy documentation to support the bankruptcy status.

###### **H751 Reporting**

Section B

(4)(B)(1) In Bankruptcy

###### **TROR Reporting**

Section B

(1)(D)

##### **70.15.4.2 - RTA and other Debts, Pending Final Disposition**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

Debts RTA for the following reasons: uncollectible, out of business, miscellaneous dispute, dispute timer expired, recall approved, manual RTA, and certain debts that have not been referred to Treasury shall be reported as follows:

###### **H751 Reporting**

Section B

4(B)(9) Pending Request Waiver/Compromise – for those debts waiting write off approval.

Section B

(4)(B)(11) Other Exclusions – for those debts not yet eligible for write off due to age or past collections.  
Section A

Line 6.A. Amounts Written-Off (Bad Debts) – for those debts approved for Write off Closed.

### **TROR Reporting**

Section B

Line (3)(G) Debt Returned from Cross-Servicing – for those debts not yet eligible for write off due to age or past collections. The HIGLAS Accounts Receivable status code DR-RTN-CS (Debts Returned from Cross-Servicing) is mapped to line (3)(G). The receivable balance detail extract can be used to validate the detail of debts reported to this line.

Part II, Section B, Line (1)(G) – “Other – must footnote” - HIGLAS Accounts Receivable status codes beginning with “REQ” (request) are mapped to this line. A footnote(s) will be required for all balances on this line. The footnote(s) should include the dollar amount and number of debts for all debts containing the “REQ” status codes (i.e. pending ERS request, pending RO WOC approval, etc.)

Section A, Line (6) (B) Written Off and Closed Out – for those debts approved for Write off Closed that are not in CNC Status. For debts approved for write off closed already in CNC status:

Section D

Line (2) CNC Debts Closed Out During the Current FY

### **70.15.4.3 - Debts RTA Because Dispute Timer Expired**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

Debts to be re-referred to Treasury shall be reported as Referred to Treasury.

#### **H751 Reporting**

Section B

4(A) Referred for Cross Servicing OR

Section B

(4)(B)(1)- (11) As appropriate.

#### **TROR Reporting**

Section B

Line (3) (J) Debt Referred to Treasury or a Designated Debt Collection Center for Cross-Servicing – for those debts resubmitted to Treasury. OR

Debts ineligible for referral shall be reported in the appropriate line as an exclusion to debt referral.

### **70.15.4.4 - Debts RTA Paid in Full or Satisfied Payment Agreement or Satisfied Compromise**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

Debts in these status codes with other than a zero balance shall be reported as follows until further instructions are issued:

#### **H751 Reporting**

Section B

(4)(B)(11) Other Exclusions.

#### **TROR Reporting**

## Section B

Line (3)(G) Debt Returned from Cross-Servicing. The HIGLAS Accounts Receivable status code DR-RTN-CS (Debts Returned from Cross-Servicing) is mapped to line (3)(G). The receivable balance detail extract can be used to validate the detail of debts reported to this line.

### **70.16 - Debt Close-Out**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

*An agency closes out a debt when it determines that further debt collection actions are prohibited or the agency does not plan to take any future actions (either active or passive) to try to collect the debt.*

*Contractors shall submit the following debts for close-out (termination of collection action).*

- Non-MSP provider/supplier debts with a combined principal and interest balance of less than \$25. The HIGLAS Auto Write-Off Program (AWOP) will systematically close-out these particular debts based on non-excluded transaction types that are 180 days old (from the demand letter/determination date) with no collections within the last 60 days.*
- MSP debt with a combined principal and interest balance of less than \$25. The HIGLAS AWOP will systematically close-out these MSP debts that are at least 120 days old (from the demand letter/determination date) with no collections within the last 60 days.*
- MSP debt where the debtor is deceased. The contractor shall not close-out these debts when the debtor is deceased and the estate is still open or when the MSP claim arises from a wrongful death, survival or other cause of action claiming medical damages incurred by the beneficiary where the settlement, judgment or award is awarded to an individual or entity other than the beneficiary's estate. The contractor shall also not terminate collection action or close-out debts that are in litigation and/or under negotiation by the Office of General Counsel (OGC) or the Department of Justice (DOJ).*
- Non-MSP beneficiary debts with a principal balance less than \$50.*
- Non-MSP beneficiary debts with principal balance between \$50 and \$999.99, over 425 days old, the last payment date is greater than 365 days old, and the contractor has verified there are no other collections for the same beneficiary.*
- Non-MSP beneficiary debts greater than or equal to \$1,000, have been referred to the Social Security Administration (SSA), have no collections, over 425 days old, and the last payment date is 365 days old.*
- Debts greater than six years old that have been returned to agency (RTA) by Treasury and the contractor has performed the required steps to resolve and/or research the debt to confirm the RTA status. Debts with a combined principal and interest balance less than \$25 do not require any research. This includes debts that have been returned to agency (RTA'd) with a combined principal and interest balance less than \$25 but later exceeds \$25 as a result of accrued interest while awaiting close-out review.*
- Certain debts that have not been referred to Treasury (non-RTA) for various reasons such as bankruptcy or litigation. The contractor shall submit the justification and supporting documentation, including OGC correspondence for such debt close-outs.*
- Debts, of any amount, regardless of age that cannot be validated, should be recommended for termination of collection action and close-out. For example, when debts are received as a result of a*

contractor transition where no *electronic or paper records* are available, and other *debts* where no *records are* available to support the balances. The contractor shall make a concerted effort to validate the *debts* before selecting this option. A listing of this *debt* shall be forwarded to the *Office of Financial Management/Financial Services Group/Division of Financials Services and Debt Management (OFM/FSG/DFSDM) Director* for approval. The list should contain the reason for termination of collection action and *close-out* recommendation that provides reasonable evidence to substantiate that the claim is no longer available.

### ***Delegations of Authority for Closing-Out Debts Less Than \$25***

- *CMS has authority to terminate collection action and close-out debts that have a combined principal and interest balance less than \$25.*
- *The contractor not utilizing HIGLAS shall recommend termination of collection activity of debts, once the debt is 180 days old (that is, 150 days delinquent) with no collection activity within the past 60 days.*

### ***Delegations of Authority for Closing-Out Debt That Was Not Eligible for Referral to Treasury (Non-RTA) and Non-Uncollectible (RU)/Out of Business (RN) RTA Debt***

*This delegation of authority only applies to debts not eligible for Treasury referral, such as, bankrupt issuers/health plans/contributing entities or issuer/health plan/contributing entity debts and debts returned to agency (RTA) with a code other than RU/RN (non-RU/RN).*

- *Debts with amounts \$100,000 or less (exclusive of interest) may be approved for termination of collection activity and close-out by CMS.*
- *Debts with amounts in excess of \$100,000 (exclusive of interest) must be referred to the CMS with the Office of General Counsel (OGC) concurrence for the approval process as described by 42 CFR 401.601(c).*

### ***Delegations of Authority for Closing-Out Returned to Agency Debt that is RU/RN***

- *Returned to Agency Debts classified as RU or RN with amounts of \$500,000 or less (exclusive of interest) may be approved by the CMS without OGC's concurrence.*
- *Returned to Agency Debts classified as RU or RN greater than 6 years old and in excess of \$500,000 (exclusive of interest) must be referred to the CMS with OGC concurrence for the approval process as described by 42 CFR 401.601(c).*

### ***Fraud Checks***

*A fraud check must be completed for ALL providers/suppliers who have a valid National Provider Identifier (NPI) and has debts submitted for close-out. Before any debts can be submitted to the CO or RO, the contractor shall submit a fraud check request to the Center for Program Integrity (CPI). Fraud checks shall be performed through CPI's Unified Case Management (UCM) system for providers/suppliers that have an NPI.*

*The contractor shall use the following instructions for requesting fraud check reports.*

- 1. The contractor shall create an Excel spreadsheet listing the NPIs and names of the providers/suppliers. The NPIs and provider/supplier names shall be obtained from the related debt close-out spreadsheet. The contractor shall use the naming format FraudChk\_Contractor-Jurisdiction\_Reviewer\_Period Ending (example – FraudChk\_ABC-J2\_RO\_FY19Q4) when naming/saving the file(s).*
- 2. The contractor shall email its fraud check request spreadsheet along with a completed CPI data request form to CPIFraudcheck-OFMDebt@cms.hhs.gov with the subject line “Contractor/Jurisdiction Fraud Check Request” (example – ABC/J2 Fraud Check Request).*
- 3. The contractor shall expect to receive the fraud check report from CPI within one week of sending the fraud check request to CPI. The contractor shall use the fraud check report to determine if the provider/supplier has an open fraud case. Please note the following:*
  - The NPI is listed in column A (PRVDR\_NPI\_NUM).*
  - Column B (UCM\_FRAUD\_CHECK) will indicate a “Y” if the NPI was found in UCM. An “N” in column B will indicate that there are no records listed for the NPI. Therefore, all other fields will be blank.*
  - If there is a “Y” in column B, proceed to column P (RFRL\_OPEN\_IND) to determine if the case is open or closed. If there is a “Y”, the case is open which means that the provider’s/supplier’s debts are not eligible for close-out. An “N” indicates that the provider’s/supplier’s fraud case is closed.*
  - If there are more than one open and/or closed fraud case for a given provider/supplier, filter column P with the “Ys” only to get only those providers/suppliers with open fraud cases. If all entries for a given NPI have an “N” in columns B or P, then the debt is eligible for RO or CO close-out review/approval. However, if one or more of a given provider/supplier NPI’s entries has a “Y” in column P, the NPI’s debts are not eligible to be submitted for RO or CO close-out review/approval.*

*The contractor shall include a copy of the fraud check report for the NPIs that are included on the particular debt close-out spreadsheet that is sent to the CO or RO.*

### **Debt Close-out Request Submission**

*The contractor shall submit two separate quarterly debt close-out reports utilizing the Debt Close-Out Request template/spreadsheet. These reports shall be submitted to CMS no later than the first day of the second month of each quarter (i.e., November 1, February 1, May 1, and August 1). If this day falls on a weekend or federal holiday, the next business will be the due date. The contractor utilizing HIGLAS shall only include new debts with a combined principal and interest balance greater than or equal to \$25. The contractor not utilizing HIGLAS shall include all eligible debts. Each debt shall be considered a separate identifiable debt and shall not be aggregated with other debts. The contractor shall only include provider/supplier debt that is associated with a valid National Provider Identifier (NPI).*

*The contractor shall include in the first report, debts that are not eligible for Treasury referral (e.g., beneficiary, deceased provider/supplier), referred to as non-Return to Agency (non-RTA) debts, and non-RU/RN debts (other than bankruptcy debts) with principal balances up to \$100,000 and RU/RN debts with principal balances up to \$500,000. The debts listed on this report will be reviewed and approved by the RO (CMS CO for Medicare Secondary Payer (MSP) debts).*

*The contractor shall include in the second report, which is for debts that will be reviewed by OGC, non-RTA and non-RU/RN debts (other than bankruptcy debts) with a principal balance greater than \$100,000 and RU/RN debts with a principal balance greater than \$500,000, provided that all categories of debts are greater than 6 years old.*

***Debts that will be reviewed by OGC shall also include the following documentation:***

## **Part A Debts**

1. *Notice of Program Reimbursement (NPR) - (cost report debts only)*
2. *Initial demand letter*
3. *Final appeal decision letter sent from contractor's appeals department to overpayments department (decision only, exhibits not required)*
4. *Intent to Refer (ITR) letter*
5. *Most recent Extended Repayment Schedule (ERS) – (if applicable)*
6. *A report from PECOS and/or copies of 855 Forms showing:*
  - i. *date the debtor's Medicare enrollment ended; or*
  - ii. *identifying information on all owners/managing employees/directors; and*
  - iii. *whether there are owners/managing employees/directors of the debtor company who are affiliated with a provider/supplier that is still operating in the Medicare program. If so, the MAC shall also include identifying information from PECOS about the company with which he or she is affiliated, including the interest he or she has in that company.*

## **Part B and MSP Debts**

*(Not required if the provider/supplier has more than more than ten debts requested to be closed out during a quarter. But required for all extrapolated overpayments.)*

1. *Initial demand letter*
2. *Intent to Refer (ITR) letter*
3. *Final appeal decision letter sent from contractor's appeals department to overpayments department (decision only, exhibits not required)*
4. *Most recent Extended Repayment Schedule (ERS) – (if applicable)*
5. *A report from PECOS and/or copies of 855 Forms showing:*
  - i. *date the debtor's Medicare enrollment ended; or*
  - ii. *identifying information on all owners/managing employees/directors; and*
  - iii. *whether there are owners/managing employees/directors of the debtor company who are affiliated with a provider/supplier that is still operating in the Medicare program. If so, the MAC shall also include identifying information from PECOS about the company with which he or she is affiliated, including the interest he or she has in that company.*

*For debts that are submitted to CMS that CMS in turn may forward to OGC with CMS's recommendation, the contractor shall provide a separate debt close-out report and certification statement signed by its Chief Financial Officer in accordance with Financial Management Manual, Ch. 4, § 70.17.2 for the debts serviced by a particular OGC Regional Office (RO). The certification statement must state that it covers the listed debts and then list: (1) the number of debts; (2) the total principal balance of the debts; and (3) total interest balance of the debts. The MAC shall use the provider's/supplier's address to determine the OGC RO. Below is the list of the OGC ROs and the states that each RO services. The list can also be found at <https://www.hhs.gov/about/agencies/ogc/key-personnel/regional-offices/index.html>.*

- *Region I (Boston) - Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont*
- *Region II (New York) - New Jersey, New York, Puerto Rico, Virgin Islands*
- *Region III (Philadelphia) - Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia*
- *Region IV (Atlanta) - Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee*
- *Region V (Chicago) - Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin*
- *Region VI (Dallas) - Arkansas, Louisiana, New Mexico, Oklahoma, Texas*
- *Region VII (Kansas City) - Iowa, Kansas, Missouri, Nebraska*
- *Region VIII (Denver) - Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming*
- *Region IX (San Francisco) - American Samoa, Arizona, California, Guam, Hawaii, Nevada*

- *Region X (Seattle) - Alaska, Idaho, Oregon, Washington*

*CMS shall respond within 30 days after receipt of the close-out request, except for cases exceeding the CMS' delegated authority. For those cases exceeding the CMS authority, the CMS shall forward the case to the Office of General Counsel (OGC) with the CMS' recommendation, within 30 days of receipt of the contractor's request.*

## **70.17 - Debts Returned to Agency (RTA) by the United States Department of the Treasury (Treasury)**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

The Treasury returns to agency (RTA) debts to the Centers for Medicare & Medicaid Services (CMS) using the following reasons:

<i>RTA Debt Status Code</i>	<i>Federal Debt Return Description (FDRETDSC)</i>	<i>HIGLAS AR Status Code</i>
<i>RB</i>	<i>In Bankruptcy</i>	<i>RTA-RB</i>
<i>RC</i>	<i>Small Balance</i>	<i>RTA-RC</i>
<i>RC</i>	<i>Account Settled/Compromise</i>	<i>RTA-RC</i>
<i>RC</i>	<i>Satisfied Compromise</i>	<i>RTA-RC</i>
<i>RD</i>	<i>Congressional Dispute</i>	<i>RTA-RD</i>
<i>RD</i>	<i>Debt Amount Incorrect</i>	<i>RTA-RD</i>
<i>RD</i>	<i>Other</i>	<i>RTA-RD</i>
<i>RD</i>	<i>Manual RTA</i>	<i>RTA-RD</i>
<i>RD</i>	<i>Proof of Debt Validated</i>	<i>RTA-RD</i>
<i>RD</i>	<i>Recalled</i>	<i>RTA-RD</i>
<i>RD</i>	<i>Miscellaneous Dispute</i>	<i>RTA-RD</i>
<i>RD</i>	<i>VDPP - Previously Paid</i>	<i>RTA-RD</i>
<i>RD</i>	<i>Complaint</i>	<i>RTA-RD</i>
<i>RD</i>	<i>Wrong Debtor</i>	<i>RTA-RD</i>
<i>RD</i>	<i>Disability/Inability to Pay</i>	<i>RTA-RD</i>
<i>RD</i>	<i>Recall Approved</i>	<i>RTA-RD</i>
<i>RN</i>	<i>Entity Out of Business</i>	<i>RTA-RN</i>
<i>RP</i>	<i>Satisfied Payment Agreement</i>	<i>RTA-RP</i>
<i>RP</i>	<i>Previously Paid</i>	<i>RTA-RP</i>
<i>RP</i>	<i>Paid in Full</i>	<i>RTA-RP</i>
<i>RP</i>	<i>Previously Resolved</i>	<i>RTA-RP</i>
<i>RU</i>	<i>Uncollectible</i>	<i>RTA-RU</i>
<i>RU</i>	<i>Debtor Death</i>	<i>RTA-RU</i>
<i>RU</i>	<i>Inability to Pay</i>	<i>RTA-RU</i>
<i>RX</i>	<i>Claim Not Substantiated</i>	<i>RTA-RX</i>
<i>RX</i>	<i>No Disposition Desc Found</i>	<i>RTA-RX</i>

*HIGLAS shall systematically update an RTA debt's AR status code with the appropriate temporary HIGLAS AR RTA Status Code. The contractor shall use the appropriate HIGLAS responsibility to generate the weekly RTA report.*

*The contractor not utilizing HIGLAS shall also download the report, add a column, and indicate what status the debt was updated to and post in a secure drive where CMS can access the updated spreadsheet. The contractor shall also add any applicable comments to the spreadsheet.*

### **70.17.1 - Debts RTA by Treasury due to Bankruptcy (RB)**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

Debts in bankruptcy status are ineligible for cross-servicing. The contractors are responsible for obtaining bankruptcy documentation to support the bankruptcy status code listed on the RTA report. Once the contractors obtain the documentation, they shall update *HIGLAS* or their internal records to reflect the appropriate code for bankruptcy. The contractors shall follow established procedures regarding debts in bankruptcy status. The contractors shall properly report the status of these debts in their quarterly financial reports to CMS CO. (See Pub. 100-06, chapter 3, section 140.)

The Treasury no longer routinely sends bankruptcy documents to creditor agencies. Therefore, contractors shall follow established procedures, including contacting the CMS Regional Office (RO), to obtain bankruptcy documentation. It is the contractor's responsibility to obtain the bankruptcy documentation. If the contractors cannot obtain bankruptcy documentation through established procedures, including asking the RO for assistance, the contractors may contact Treasury to obtain documentation for RTA debts in bankruptcy. If the contractors are unable to obtain bankruptcy documentation through established procedures or through the assistance of the RO, they shall request bankruptcy documentation from Treasury via email to [CrossServicing.Questions@fms.treas.gov](mailto:CrossServicing.Questions@fms.treas.gov). The subject line of the email request shall be entitled, "Request for Bankruptcy Information". If the contractors do not receive a confirmation from Treasury within 2 business days of the request, the contractor shall re-send the email or make another request to Treasury via fax number 205-912-6353. The contractors shall include the following information; the *Cross-Servicing Next Generation (CSNG)* number, debtor name and the contractor's contact information on each request via email or fax.

If the CMS Regional Office of General Counsel (OGC) advises the contractor that debts are not discharged in bankruptcy and are still eligible for referral, the contractor shall submit a new referral to Treasury.

### **70.17.2 - Debts RTA by Treasury as Uncollectible (RU) or Out of Business (RN)**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

*The temporary HIGLAS RTA Status Code for all debts that are returned to agency as Uncollectible (RU) or Out of Business (RN) shall be systematically updated, by HIGLAS, to 'DR-RTN-CS' (Debt Returned from Cross-Servicing).*

*For RU and RN debts with a combined principal and interest balance less than \$25:*

- Contractors utilizing HIGLAS shall allow the HIGLAS Auto Write-Off Program to identify these debts and systematically write them off.*
- Contractors not utilizing HIGLAS shall submit for close-out review.*

The contractors shall use the RTA report to research the *RU or RN* debts *with a combined principal and interest balance greater than or equal to \$25* in order to determine the current status or final disposition. The debts already in a recalled status are included so that the contractors will know that Treasury considers the debts uncollectible or out of business.



The contractors shall determine whether collection by litigation is a viable option for debts *with a combined principal and interest balance greater than or equal to \$25* showing a status code of RU or RN. If so, follow established procedures for referring the debts for litigation (See CMS Pub. 100-06, chapter 3, section 120).

The contractors shall also consider whether all other appropriate actions to collect debts *with a combined principal and interest balance greater than or equal to \$25* have been taken before recommending debts for Write-Off Closed (WOC), including the criteria listed below:

1. Have there been any collections or payments on this debt in the last year? If so, and the contractor believes further collections are possible, the contractor shall not recommend the debt for WOC, but shall continue collection efforts for MSP and Non-MSP debts.
2. Has the debtor submitted any Medicare claims in the last 6 months? If so, and the contractor believes further collections are possible, the contractor shall not recommend the debt for WOC, but shall continue collections efforts.
3. Is the debtor receiving Medicaid funds? If so, the contractor shall not recommend the debt for WOC. The contractor shall instead contact the CMS RO to institute an offset, and shall continue collection efforts.
4. If applicable, did the debtor undergo a Change of Ownership (CHOW) (a new owner who opts to receive automatic assignment of the old owner's provider/supplier agreement)?

If so, the contractor shall determine if collection efforts were pursued from the new owner.

(a) If so, the contractor shall recommend for WOC

(b) If not, the contractor shall follow the normal policies and procedures for debts collection.

5. If applicable, did the debtor file any cost reports that the contractor has not yet settled?

If so, the contractor shall not recommend the debt for WOC. Instead, the contractor shall await settlement of the cost report to determine whether it results in an underpayment. If it does result in an underpayment, the contractor shall apply any funds due to the provider/supplier to any outstanding debts first, before releasing any funds to the debtor

6. If applicable, does the debtor have any outstanding unfiled cost reports less than 1 year overdue?

If so, the contractor shall not recommend the debt for WOC. Instead, the contractor shall await filing and settlement of the cost report to determine whether it results in an underpayment. If it does result in an underpayment, the contractor shall apply any funds due to outstanding debts first, before releasing any funds.

7. If applicable, does the debtor have any funds in suspense due to an unfiled cost report? If so, and the provider/supplier has been terminated from the Medicare Program, the contractor shall apply the funds in suspense to recover the debt or any other outstanding debts for the provider/supplier.

8. If applicable, does the debtor have any claims or cost reports subject to re-opening?

If so, the contractor shall not recommend the debt for WOC. Instead, the contractor shall wait until the expiration of the reopening period. If a cost report reopening during this period results in an underpayment, the contractor shall apply the underpayment to recover the debt or any other outstanding debts for the debtor, before releasing any funds.

9. Does the debtor have any open appeal(s)? If so, the contractor shall not recommend the debt for WOC. Instead, the contractor shall await the final determination on the appeal(s), and apply any funds due from a favorable decision to any outstanding debts first, before releasing any funds.

10. Does the debtor have an active fraud case? If so, the contractor shall not recommend the debt for WOC. Instead, the contractor shall forward the debt to the appropriate *Unified* Program Integrity Contractor (UPIC) or CMS Centers for Program Integrity that has the open fraud case.

If the contractors have considered all of the above criteria above and are recommending the debts for WOC, the contractors shall submit a request to the CMS RO for approval. The contractor shall submit these *debts as instructed in Chapter 4, § 70.16. The contractor shall include the Contractor Validation Statement below with each close-out request submission:*

**Contractor Validation:**

**We recommend these debts for termination of collection action, close out and write-off-closed. We considered all criteria in section 70.17.2 in making this recommendation *and determined that these criteria for referral have all been met.***

**Total debts recommend for Write-Off-Closed:**

**Number of Debts:** \_\_\_\_\_ **Principal Balance:** \_\_\_\_\_ **Interest Balance:** \_\_\_\_\_

**Signature of Medicare Contractor CFO:** \_\_\_\_\_

**Date:** \_\_\_\_\_

The *debts* recommended for WOC that do not meet the above criteria shall remain open until the criteria for WOC has been met. The contractors shall report these debts on the appropriate line of the CMS Forms 751 or the Treasury Report on Receivables (TROR) to indicate Treasury has RTA the debts but the WOC process has not been completed. (See CMS Pub 100-06, chapter 4, section 70.15.4) *For all debts that meet the criteria above, the contractor utilizing HIGLAS shall change the status to the appropriate Request for Write-Off status code.* The contractors shall submit a report of the debts recommended for WOC to the CMS using established procedures for recommending debts for WOC.

Once CMS approves the debts for WOC, the contractors shall complete the WOC process *including changing the status to the appropriate Write-Off/Approved/Closed status code, making the appropriate adjustments in HIGLAS or internal system, and making* all appropriate adjustments on CMS Form 751 or the TROR.

### **70.17.3 - Debts RTA by Treasury as Dispute Response not Received Timely (RX)**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

The Treasury returns debts with this status code because the dispute response was not received timely. The contractor shall research and resolve the debts in *a RX status that have a combined principal and interest balance greater than or equal to \$25 within 30 business days* in order to determine the current status of the debts. No further action is necessary if the debts are already in a recalled status. The contractors shall add a comment on the *HIGLAS* comment screen reflecting any action taken, the date of the RTA report in which the debts appear on and the financial statement reporting quarter in which the debts were resolved.

#### ***RX debts that have a combined principal and interest balance of less than \$25***

- ***Contractor Utilizing HIGLAS shall allow HIGLAS to systematically change the status code to 'DR-RTN-CS' (Debt Returned from Cross-Servicing) which will allow the debt to be identified and written off by the HIGLAS Auto Write-Off Program.***
- ***Contractors NOT Utilizing HIGLAS shall submit these debts for close-out.***

If the debts are still valid and eligible for referral to Treasury, the contractors shall *re-refer* the debts to Treasury, even if a response to the disputes were previously submitted to Treasury. The contractors shall not issue a second Intent to Refer (ITR) letter.

#### **70.17.4 - Debts RTA by Treasury as a Miscellaneous Dispute, a Manual RTA, Complaint or as Recall Approved (RD)**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

The contractor shall research and resolve debts in *a RD RTA* status code *greater than or equal to \$25* and *within 30 calendar days* update *HIGLAS or its internal system* with the final disposition of the debts. If any debts are still valid and eligible for referral to Treasury, the contractors shall change the status code of the debts from RD to *R-DCS (Debt Resubmitted to Cross-Servicing)* to be resubmitted to Treasury. The contractors shall not issue a second Intent to Refer (ITR) letter for the debts.

#### ***RD debts that have a combined principal and interest balance of less than \$25***

- *Contractor Utilizing HIGLAS shall allow HIGLAS to systematically change the status code to 'DR-RTN-CS' (Debt Returned from Cross-Servicing) which will allow the debt to be identified and written off by the HIGLAS Auto Write-Off Program.*
- *Contractors NOT Utilizing HIGLAS shall submit these debts for close-out.*

#### **70.17.5 - Debts RTA by Treasury as Paid in Full (RP), Satisfied Payment Agreement (RP) or Satisfied Compromise (RC)**

*(Rev.11787; Issued:01-19-23; Effective: 04-21-23; Implementation:04-21-23)*

- *If a debt is returned to agency (RTA) as paid in full (RP), satisfied payment agreement (RP), or compromise (RC) and a principal balance less than \$100 remains after the receipt has been applied, contractors not utilizing HIGLAS shall adjust down the remaining balance. HIGLAS shall systematically adjust down these balances to \$0.00 for contractors utilizing HIGLAS.*
- *If a debt is returned to agency (RTA) as paid in full (RP) or satisfied payment agreement (RP), and a principal balance greater than or equal to \$100 remains after the receipt has been applied, the contractor shall research all activity on the debt to determine if the receipts were appropriately applied and take any action, if needed. If all receipts were applied appropriately, the contractor shall then adjust down the remaining balance to \$0.00.*
- *If a debt is returned to agency (RTA) as satisfied compromise (RC) the contractor shall research all activity on the debt to determine if the receipts were appropriately applied and take any action, if needed. The contractor shall adjust down the balance to \$0.00 using the appropriate adjustment/write-off code.*

If it is determined a refund is valid, the contractors shall follow procedures for applying excess collections and update *HIGLAS or* their internal systems to reflect any refund given (see CMS Pub. 100-06, chapter 4, section 70.14.8).