

<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 336</b>	<b>Date: February 7, 2020</b>
	<b>Change Request 11486</b>

**SUBJECT: Pub. 100-06, Chapter 4, Section 110 (Confirmed Identity Theft) Revision**

**I. SUMMARY OF CHANGES:** The Change Request (CR) will revise Pub. 100-06, Chapter 4, section 110 (Confirmed Identity Theft). The revisions will include the new instruction for the contractor to adjust down all overpayments (debts) related to the confirmed identity theft of a provider or supplier.

**EFFECTIVE DATE: May 8, 2020**

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

**IMPLEMENTATION DATE: May 8, 2020**

*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	4/110/Confirmed Identity Theft
D	4/110.1/IRS Form 1099 MISC

**III. FUNDING:**

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

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

**IV. ATTACHMENTS:**

**Business Requirements  
Manual Instruction**

# Attachment - Business Requirements

Pub. 100-06	Transmittal: 336	Date: February 7, 2020	Change Request: 11486
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**SUBJECT: Pub. 100-06, Chapter 4, Section 110 (Confirmed Identity Theft) Revision**

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## I. GENERAL INFORMATION

**A. Background:** Stolen identities of Medicare providers/suppliers are used to obtain payment on claims where services are not rendered as billed. In the majority of cases, theft of Medicare provider/supplier identities involves use of the physician’s/supplier’s identity to order services, diagnostic tests or medical equipment which are not rendered and/or are medically unnecessary. Typically this involves the submission of claims using the stolen identity. When sham or false front providers/suppliers actually bill and receive Medicare payment using the providers’/suppliers’ stolen identifying information, the legitimate provider/supplier may be held liable for any overpayments identified.

In these situations, legitimate providers/suppliers with compromised Medicare numbers may be victimized twice: first, when their identity is actually stolen and used to bill Medicare, and then later, when the providers face the financial repercussions of the theft. Such repercussions can occur in the form of demand letters sent to the provider/supplier for recovery of overpayments, debt referrals made to the Department of Treasury, or the issuance of 1099s for monies that the provider/supplier never received.

**B. Policy:** An overpayment that resulted from confirmed identity theft should **not** be written off as it will systematically generate an Internal Revenue Service (IRS) Form 1099 C and the amount of the write-off will be considered income to the victim.

## II. BUSINESS REQUIREMENTS TABLE

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

Number	Requirement	Responsibility										
		A/B MAC			D M E	Shared- System Maintainers				Other		
		A	B	H H H		F M V C	M C M W	V M S F				
11486.1	The Investigating Unit (IU) shall confirm, by letter, to the contractor that a victim’s overpayment resulted from identity theft.											UPICs
11486.2	The contractor shall immediately discontinue ALL collection efforts on the overpayment(s) that resulted from confirmed identity theft. These collection efforts shall include recoupments, sending demand letters, and referring the overpayment(s) to Treasury.	X	X	X	X							BCRC, CRC, HITECH, IPC, MSPIC, MSPSC, RRB-SMAC
11486.3	Contractors not utilizing the Healthcare Integrated General Ledger Accounting System (HIGLAS) shall recall the overpayment(s) if it was referred to Treasury.				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			
11486.4	The contractor shall update the Shared System, HIGLAS, and ViPs Medicare System, as appropriate, for all affected claims and accounts receivables (ARs) within 5 business days from the confirmation receipt date.	X	X	X	X							
11486.4.1	Contractors not utilizing HIGLAS shall adjust down the related AR(s) to \$0.00 and change the status to closed.				X							HITECH, IPC, RRB-SMAC
11486.4.2	Contractors utilizing HIGLAS shall adjust down the AR with the “DELETE/ADJ TO ZERO” activity code and close the AR by changing the AR status code “CLO-ERR.” The “DELETE/ADJ TO ZERO” activity code will systematically recall the overpayment(s) if it was referred to Treasury.	X	X	X								BCRC, CRC, MSPIC, MSPSC
11486.5	The contractor shall refund any monies within 30 calendar days that were recouped or paid to satisfy the overpayment(s).	X	X	X	X							BCRC, CRC, HITECH, IPC, MSPIC, MSPSC, RRB-SMAC
11486.6	The contractor shall request CMS to provide a revised (corrected) IRS Form(s) 1099-C if the original IRS Form(s) 1099-C included the overpayment(s).	X	X	X	X							BCRC, CRC, HITECH, IPC, MSPIC, MSPSC, RRB-SMAC
11486.6.1	The contractor shall send the request to MedicareOverpayments@cms.hhs.gov with "Corrected IRS Form(s) 1099-C Request for Confirmed ID Theft" in the subject field.	X	X	X	X							BCRC, CRC, HITECH, IPC, MSPIC, MSPSC, RRB-SMAC
11486.6.2	The contractor shall include in its request, a copy of the IU identity theft confirmation letter and the amount(s) that shall be corrected.	X	X	X	X							BCRC, CRC, HITECH, IPC, MSPIC, MSPSC, RRB-SMAC
11486.6.3	The contractor shall issue the revised (corrected) IRS Form(s) 1099-C to the victim.	X	X	X	X							BCRC, CRC, HITECH, IPC, MSPIC, MSPSC, RRB-SMAC
11486.7	The contractor shall issue a revised (corrected) IRS Form 1099-MISC if the original IRS Form 1099-MISC issued to the victim contained amounts related to confirmed identity theft.	X	X	X	X							BCRC, CRC, HITECH, IPC, MSPIC, MSPSC, RRB-SMAC
11486.8	The contractor shall notify the victim, by letter, of all activity associated with the overpayment(s) of the confirmed identity theft case. This activity shall	X	X	X	X							BCRC, CRC, HITECH, IPC, MSPIC,

Number	Requirement	Responsibility									
		A/B MAC		H H H	D M E M A C	Shared- System Maintainers				Other	
		A	B			F I S S	M C S	V M S	C W F		
	include items such as notice of the rescission of the overpayment(s), the revision of the IRS Forms 1099-C and/or 1099-MISC, and the recall of the overpayment(s) from Treasury. The letter shall also include all claim/document control numbers of all affected claims and all original accounts receivable amounts (principal and interest) that were adjusted down.										MSPSC, RRB-SMAC

**III. PROVIDER EDUCATION TABLE**

Number	Requirement	Responsibility							
		A/B MAC		H H H	D M E M A C	F I S S	M C S	V M S	C W F
		A	B						
	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, 410-786-9371 or jay.blake@cms.hhs.gov.

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

**VI. FUNDING**

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

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

and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**ATTACHMENTS: 0**

## 110 - Confirmed Identity Theft

*(Rev. 336: Issued: 02-07-20: Effective:05-08-20: Implementation; 05-08-20)*

The Centers for Medicare & Medicaid Services (CMS) is addressing instances of identity theft confirmed by the Investigating Unit (IU) *through a CMS-approved identity theft victim validation and remediation process*. For purposes of this instruction, the IU *is* the *Unified Program Integrity Contractor (UPIC) and the CMS Center for Program Integrity (CPI)*.

*When the IU confirms, by letter, to the contractor that a victim's overpayment(s) resulted from identity theft:*

- *The contractor shall immediately discontinue ALL collection efforts on the overpayment(s). These collection efforts shall include recoupments, sending demand letters, and referring the overpayment(s) to Treasury.*
- *Contractors not utilizing the Healthcare Integrated General Ledger Accounting System (HIGLAS) shall recall the overpayment(s) if it was referred to Treasury.*
- *The contractor shall update the Shared System, HIGLAS, and ViPS Medicare System (VMS), as appropriate, for all affected claims and accounts receivables (ARs) within 5 business days from the confirmation receipt date.*
- *Contractors utilizing HIGLAS shall adjust down the AR(s) with the "DELETE/ADJ TO ZERO" activity code and close the AR(s) by changing the AR status code "CLO-ERR." The "DELETE/ADJ TO ZERO" activity code will systematically recall the overpayment(s) if it was referred to Treasury.*
- *Contractors not utilizing HIGLAS shall adjust down the related AR(s) to \$0.00 and change the status to closed.*
- *The contractor shall refund any monies within 30 calendar days that were recouped or paid to satisfy the overpayment(s).*
- *The contractor shall request CMS to provide a revised (corrected) IRS Form(s) 1099-C if the original IRS Form(s) 1099-C included the overpayment(s).*
  - *The contractor shall send the request to MedicareOverpayments@cms.hhs.gov with "Corrected IRS Form(s) 1099-C Request for Confirmed ID Theft" in the subject field.*
  - *The contractor shall include in its request, a copy of the IU identity theft confirmation letter and the amount(s) that shall be corrected.*
  - *The contractor shall issue the revised (corrected) IRS Form(s) 1099-C to the victim.*
- *The contractor shall issue a revised (corrected) IRS Form 1099-MISC if the original IRS Form 1099-MISC issued to the victim contained amounts related to confirmed identity theft.*
- *The contractor shall notify the victim, by letter, of all activity associated with the overpayment(s) of the confirmed identity theft case. This activity shall include items such as notice of the rescission of the overpayment(s), the revision of the IRS Forms 1099-C and/or 1099-MISC, and the recall of the overpayment(s) from Treasury. The letter shall also include all claim/document control numbers of all affected claims and all original accounts receivable amounts (principal and interest) that were adjusted down.*