CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1055	<b>Date: March 9, 2012</b>
	Change Request 7732

SUBJECT: Medicare Fiscal Intermediaries Shared System (FISS), HealthCare Integrated General Ledger Accounting System (HIGLAS), and Change of Ownership Process Revisions for IRS Form 1099 Reporting

**I. SUMMARY OF CHANGES:** To instruct PECOS, HIGLAS and FISS to make the required system changes to comply with IRS Form 1099 reporting requirements where a Change in Ownership has taken place.

EFFECTIVE DATE: July 1, 2012 IMPLEMENTATION DATE: July 2, 2012

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated) R=REVISED, N=NEW, D=DELETED-*Only One Per Row*.

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	

#### III. FUNDING:

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

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

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

#### **IV. ATTACHMENTS:**

#### **One-Time Notification**

<sup>\*</sup>Unless otherwise specified, the effective date is the date of service.

## **Attachment - One-Time Notification**

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SUBJECT: Medicare Fiscal Intermediaries Shared Systems (FISS), HealthCare Integrated General Ledger Accounting System (HIGLAS), and Change of Ownership Process Revisions for IRS Form1099 Reporting

**Effective Date**: July 1, 2012

**Implementation Date:** July 2, 2012

#### I. GENERAL INFORMATION

**A. Background:** The Federal Financial Management Improvement Act (FFMIA) of 1996 requires that Federal agencies implement and maintain financial management systems that comply with Federal management systems requirements. In order to comply, CMS will install Commercial Off-The-Shelf (COTS) software that contains modules for general ledger, accounts payable, accounts receivable, budget, procurement, and grants to provide CMS a centralized, accurate and timely approach to financial reporting. The COTS will be the financial software application that supports the Healthcare Integrated General Ledger Accounting System (HIGLAS). HIGLAS will replace the benefit accounting processes used by Medicare contractors.

The Fiscal Intermediaries Shared System (FISS) had devised a process for capturing a provider change of ownership (CHOW) prior to the incorporation of the Provider Enrollment Chain and Ownership System (PECOS) in the process. The current FISS process requires a Tax Identification Number (TIN) change and a Change of Ownership Effective Date, which is manually entered in the FISS system, to be received in the same batch cycle to recognize a Change of Ownership and generate a Change of Ownership indicator on the HIGLAS 274 interface file. HIGLAS is dependent on receiving all of these components (old Tax Identification Number, new Tax Identification Number, Change of Ownership Effective Date and the FISS generated Change of Ownership Indicator) on the same HIGLAS 274 interface file to recognize a provider change of ownership. However, Tax Identification Number changes currently come from PECOS and are no longer received by FISS in the same batch cycle as the entry in FISS of the Change of Ownership Effective Date. Additionally, PECOS is the system of record for provider data and therefore FISS shall no longer manually create a TIN change or a CHOW Effective date change to transmit to HIGLAS in the same batch cycle to be received and recognized as a CHOW indicator on the 274 Interface file.

Numerous Changes of Ownership have not been processed in FISS or HIGLAS since January 1, 2009. A systematic solution to correct and produce the production of the IRS Form 1099's issuance is underway in HIGLAS. However, in the interim until a permanent solution is implemented PECOS provides a CUFF file to support the IRS Form 1099 reporting process for Calendar Year 2011.

PECOS is the system of record for all provider information including changes of ownership. Therefore, with the implementation of this Change Request, the Change of Ownership Effective Date shall be entered and approved in PECOS and then transmitted with the information necessary for FISS and HIGLAS to identify a provider change of ownership. The purpose of this change request is to provide a systematic and permanent solution with timely and accurate updates of both the FISS and the HIGLAS system requirements. These changes will provide support for the production of the annual IRS Form 1099 reporting processes for Medicare providers TIN changes related to CHOW changes that have been approved by CMS in the PECOS system, the system of record.

**B. Policy:** Currently the HIGLAS Medicare Contractors run the CMS1099 MISC Payments, Receipts Report and the CMS 1099 INT Payments Report on a daily basis to reconcile with the CMS Final Payment Register – Checks and EFTs, CMS AP Daily Voids Register and the Receipts Register. Medicare contractors then generate the quarterly and yearly reports that some of the Medicare contractors then transfer to their corporate office. Additionally, some of the Medicare contractors send the CMS 1099 MISC Payments and Receipts Report and the CMS 1099 INT Payment Report information directly to the payees. After the Medicare contractors have consolidated their 1099 information from HIGLAS with their corporate office to make corrections, they then transmit their IRS Form 1099 electronic media files to the IRS to meet the required filing deadlines.

The HIGLAS 1099 extension and related business rules are modified to ensure that CMS and the Medicare contractors are in Federal compliance with the IRS guidelines and regulations related to the issuance of 1099 MISC 6 (Medical and Healthcare Payments) and 1099 INT (Interest). Change of Ownership (CHOW) Date changes for IRS Form 1099 reporting purposes will be calculated based on the actual CHOW Effective Date and not the cycle date when the CHOW update information is received in HIGLAS via the 274 Provider interface sent by the FISS shared system.

## II. BUSINESS REQUIREMENTS TABLE

*Use of "Shall" denotes a mandatory requirement* 

Number	Requirement	Responsibility									
		A	D	F	С	R	S	Shai	red-		OTHER
		/	M	I	A			•	tem		
		В	Е		R	Н	Ma	iint	aine	ers	
					R	I	F	M	V	C	
		M	M		I		Г	C	M M	W	
		A	A		E		S	S	S	F	
		C	C		R		S	5	J	1	
7732.1	PECOS shall capture the data necessary for FISS and HIGLAS to identify a provider change of ownership.						X				PECOS
7732.2	PECOS shall provide user data entry capability for an Old Tax Identification Number.										PECOS
7732.3	PECOS shall provide user data entry capability for a New Tax Identification Number.										PECOS

7732.4	PECOS shall send to FISS the data necessary for FISS to identify a provider change of ownership.					PECOS
7732.5	PECOS shall send to FISS the old name and old address associated with the new provider change of ownership effective date to transmit to HIGLAS.					PECOS
7732.6	PECOS shall send to FISS the new name and new address associated with the new provider change of ownership effective date to transmit to HIGLAS.					PECOS
7732.7	PECOS shall continue to send only one change of ownership for a provider in a cycle for FISS transmission to HIGLAS.					PECOS
7733.8	PECOS shall provide and transmit to FISS a CHOW effective date and associated indicator.					PECOS
7733.8.1	The CHOW correction indicator shall be used to identify a correction to the previously sent CHOW effective date. The indicator will be set to a 'Y' when PECOS is notifying FISS/HIGLAS that the CHOW effective date is being corrected (previously reported date was incorrect). The indicator will be set to a 'N' in all other situations to identify that no date correction is being sent.					PECOS
7732.9	PECOS shall include the following information on the 07 Child Record and transmit it to FISS:  Change of Ownership Effective Date in CCYYMMDD format CHOW correction indicator Old Tax Identification Number Old Name and Old address associated with the New Provider New Tax Identification Number New Name and New Address associated with the New Provider					PECOS
7732.10	FISS shall include the following data received from PECOS on the HIGLAS 274 interface file:  Change of Ownership Effective Date in CCYYMMDD format CHOW correction indicator Old Tax Identification Number Old Name and Old address associated with the New Provider New Tax Identification Number			X		

	New Name and New Address associated with the New Provider			
7732.11	FISS shall prevent users from entering a Change of Ownership Effective Date in FISS.		X	
7732.12	FISS shall no longer generate the CHOW indicator.		X	
7732.13	HIGLAS shall recognize a provider change of ownership when the following data is received from FISS on the HIGLAS 274:		X	HIGLAS
	Change of Ownership Effective Date in CCYYMMDD format CHOW correction indicator Old Tax Identification Number Old Name and Old address associated with the New Provider New Tax Identification Number New Name and New Address associated with the New Provider			
7732.14	The FISS shared systems maintainer shall continue to work with HIGLAS to define any error messages and their descriptions, file mapping and record layout changes on the HIGLAS 274 interface file.		X	HIGLAS
7732.15	The FISS shared systems maintainer shall continue to work with HIGLAS to document 824S FFR any error codes sent on file level or record level errors.		X	HIGLAS

# II. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility									
		A	D	F	C	R		Shai	red-		OTHER
		/	M	I	A	Н		Syst	tem		
		В	Е		R	Н	M	aint	aine	ers	
					R	I					
		M	M		I		F	M		C	
		A	Α		Е		I	C	M		
		C	C		R		S	S	S	F	
							S				
	None.										

#### III.SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below: N/A

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: For all other recommendations and supporting information, use this space: N/A

#### IV. CONTACTS

### **Pre-Implementation Contact(s):**

- 1) Gary (Pete) Rhodes (410) 786-6554 <u>Gary.Rhodes@cms.hhs.gov</u> or Edward Berends (410) 786-6560 Edward.Berends@cms.hhs.gov
- 2) Nathalia Martin, HIGLAS (410) 786-5413 Nathalia.Martin@cms.hhs.gov

## **Post-Implementation Contact(s):**

Contact your Contracting Officer's Representative (COR) or Contractor Manager, as applicable.

#### V. FUNDING

# Section A: For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs), and/or Carriers:

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#### **Section B:** For Medicare Administrative Contractors (MACs):

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