

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-06 Medicare Financial Management	Centers for Medicare & Medicaid Services (CMS)
Transmittal 235	Date: May 14, 2014
	Change Request 8315

Transmittal 233, dated April 04, 2014, is being rescinded and replaced by Transmittal 235 dated May 14, 2014. Section 10.2 was removed from the transmittal page because it was listed in error. Also, an unnecessary crosswalk was removed from Chapter 4. All other information remains the same.

SUBJECT: Revisions and Deletions to the Internet Only Manual, Publication 100-06, Chapter 4, Debt Collection (Section 10)

I. SUMMARY OF CHANGES: Overpayments are Medicare Payments a provider has received in excess of amounts due and payable under the statute and regulations. Once an overpayment is discovered and a final determination is made, an initial demand letter is sent. This change will clarify, update, and include new instructions to chapter 4.

EFFECTIVE DATE: July 7, 2014 - Effective and Implementation Date should be the same

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

IMPLEMENTATION DATE: July 7, 2014

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

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
R	4/10/Requirements for Collecting Part A and B Provider Overpayments
R	4/10/1/Required Timeframes for Debt Collection Process for Provider Overpayments
R	4/80/Recovery of Non MSP Overpayments from the Beneficiary
R	4/80/1/Reserved for Future Use

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 obliged 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: 235	Date: May 14, 2014	Change Request: 8315
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I. GENERAL INFORMATION

A. Background: Overpayments are Medicare payment's a provider has received in excess of amounts due and payable under the statute and regulations. Once an overpayment is discovered and a final determination is made, an initial demand letter is sent.

B. Policy: This change will clarify, update, and include new instructions to chapter 4. One of many Change Requests (CR's) to follow updating chapters 3 and 4.

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	Shared-System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
8315.1	Contractors shall be aware of the revisions to Pub. 100-06, chapter 4, section 10, which include updates to the overpayment and debt collection requirements.	X	X	X	X						

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

V. CONTACTS

Pre-Implementation Contact(s): Deborah Miller, 410-786-0331 or deborah.miller3@cms.hhs.gov, Theresa Jones-Carter, 410-786-7482 or theresa.jones-carter@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.

Medicare Financial Management

Chapter 4 - Debt Collection

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10 - Requirements for Collecting Part A and B Non-MSP Provider Overpayments (Rev.235, Issued: 05-14-14, Effective: 07-07-14, Implementation: 07-07-14)

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 Publication 100-06, chapter 3, §40 and chapter 4, §70.16 for additional instructions related to Part A provider initiated claim adjustment accounts receivable).

1. Initial Demand letter

The contractor shall send an initial demand letter within established timeframes of the identification or notification of an overpayment. The contractor shall ensure the date of the initial demand letter is the date the AR is established and the date the letter is mailed.

The initial demand letter shall include all required language and shall meet timeliness standards as outlined in chapter 3 §200 and/or chapter 4 §§20 and 90.

a. Dollar threshold

The threshold amount to send demand letters is \$25. 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 days of receiving the undeliverable letter.

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

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

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

2. Recoupment

The contractor shall initiate recoupment of the debt, or any remaining balance of the debt, as outlined below, except when the debt is in the following status: (1) appeal subject to the Limitation on Recoupment

provisions (redetermination/reconsideration), (2) bankruptcy, (3) Extended Repayment Schedule (ERS) or (4) a pending ERS request.

For Part A (Non-935 Overpayments)

- *Recoupment shall begin 16 days from the date of initial demand letter if the debt **is not** subject to Limitation on Recoupment provisions of Section 935(f)(2) of the MMA. (See chapter 3, §200)*
- *Refer to chapter 4, §70.16 for Claims Accounts Receivable (A/R) instructions.*

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

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

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

3. Interest

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

4. Telephone Contacts:

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

a. First telephone contact

- ***Providers who have been terminated/revoked/ or have withdrawn from the Medicare program:***
 - *The telephone contact shall be made within 10 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 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 letter***

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

The contractor shall send the ITR:

- *If the initial demand letter was returned undeliverable and a better address cannot be located, or*
- *When the contractor has verified in PECOS or Provider Enrollment that the provider is terminated or out of business.*

The contractor shall send the ITR within 10 days of receipt of the undeliverable letter or knowledge that the provider is out of business or terminated.

For active providers:

*The contractor shall send the ITR 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 is sent in enough time to allow the debtor 60 days' notice prior to referral to Treasury. In accordance with provisions of the Debt Collection Improvement Act of 1996 (DCIA), eligible delinquent debts must be referred to Treasury by the 180th day of delinquency. (Refer to IOM Pub. 100-06, 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 to allow for interest accruals to appear on the ITR; therefore the ITR will be generated on day 66.*

7. Surety Bond

Prior to referral to Treasury, DME contractors shall refer to instructions outlined in Publication 100-08, Medicare Program Integrity Manual, chapter 15, §21.7.1.

8. Debt Collection System (DCS)

The contractor shall ensure that debts are entered to DCS timely and accurately. Unless the ITR is returned undeliverable; the contractor shall provide at least 60 days' notice from the date of the ITR before entering the debt to DCS. If the ITR is returned undeliverable and a better address cannot be located, the contractor shall, within 10 days of the returned ITR, enter the debt to DCS for referral to Treasury. (Refer to Pub. 100-06, Chapter 4, §70 for further detail.)

9. 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.

10.1 - Required Timeframes for Debt Collection Process for Provider Overpayments Rev.235, Issued: 05-14-14, Effective: 07-07-14, Implementation: 07-07-14)

Listed below are the general timeframes for most overpayment debt collection activities. There may be instances, due to specific circumstances related to the debt, where these timeframes will not apply.

<i>Timeframes (Based on Date of Demand Letter)</i>	<i>Medicare Contractor</i>
<i>Day 1</i>	<i>The accounts receivable (AR) is created, the initial demand letter sent. Contractors shall ensure that the dates for establishing the AR, creating the demand letter and mailing the letter are the same.</i>
<i>Day 1-16</i>	<i>Immediate Recoupment, if requested by the provider starts by day 16.</i>
<i>Day 16</i>	<i>Recoupment shall begin for overpayments not subject to Limitation on Recoupment provisions of Section 935 (f)(2) of the MMA unless the debt is in an excluded category (ERS Request , an approved ERS, appeal or bankruptcy)</i>
<i>Day 31</i>	<i>Interest shall begin to accrue if overpayment is not paid in full by day 30.</i>
<i>Day 41</i>	<i>If not paid in full by day 40, recoupment begins for overpayments subject to Limitation on Recoupment provisions of Section 935(f)(2) of the MMA unless in an excluded category</i>

	<i>(ERS Request, an approved ERS, appeal or bankruptcy)</i>
<i>Day 90</i>	<i>The contractor shall attempt to contact the provider by telephone if the debt is 60 days delinquent and not in a status excluded from referral to Treasury.</i>
<i>Day 61-150</i>	<i>The contractor shall send the ITR on eligible delinquent debts</i>
<i>Day 120-180</i>	<i>Eligible delinquent debt shall be entered to DCS.</i>
<i>At least 7 days prior to referral to Treasury</i>	<i>The contractor shall make a second call to the provider before the debt is referred to Treasury</i>
<i>Prior to Referral to Treasury (DME Only)</i>	<i>The DME contractor shall follow instructions in IOM Pub. 100-8, Chapter 15, related to surety bond collection requirements.</i>

80 - Recovery of Non MSP Overpayments from the Beneficiary
Rev.235, Issued: 05-14-14, Effective: 07-07-14, Implementation: 07-07-14)

See chapter 3, §§100 and 110ff

80.1- Reserved for Future Use
(Rev.235, Issued: 05-14-14, Effective: 07-07-14, Implementation: 07-07-14)