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|-------------------------------------------------|-----------------------------------------------------------|
| CMS Manual System | Department of Health & Human Services (DHHS) |
| Pub 100-06 Medicare Financial Management | Centers for Medicare & Medicaid Services (CMS) |
| Transmittal 267 | Date: May 25, 2016 |
| | Change Request 9644 |

Transmittal 266, dated April 12, 2016, is being rescinded and replaced by Transmittal 267 to remove CEDI from the business requirements. All other information remains the same.

SUBJECT: Notice of New Interest Rate for Medicare Overpayments and Underpayments -3rd Qtr Notification for FY 2016

I. SUMMARY OF CHANGES: Medicare Regulation 42 CFR Section 405.378 provides for the charging and payment of interest on overpayments and underpayments to Medicare providers. The Secretary of Treasury certifies an interest rate quarterly. Treasury utilizes the most comprehensive data available on consumer interest rates to determine the certified rate. Interest is assessed on delinquent debts in order to protect the Medicare Trust Funds. The attached Recurring Update Notification applies to Chapter 3, Section 10.

EFFECTIVE DATE: April 19, 2016

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

IMPLEMENTATION DATE: April 19, 2016

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 | N/A |

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:

Recurring Update Notification

Attachment - Recurring Update Notification

| | | | |
|-------------|------------------|--------------------|----------------------|
| Pub. 100-06 | Transmittal: 267 | Date: May 25, 2016 | Change Request: 9644 |
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SUBJECT: Notice of New Interest Rate for Medicare Overpayments and Underpayments -3rd Qtr Notification for FY 2016

EFFECTIVE DATE: April 19, 2016

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IMPLEMENTATION DATE: April 19, 2016

I. GENERAL INFORMATION

A. Background: Medicare Regulation 42 CFR section 405.378 provides for the assessment of interest at the higher of the current value of funds rate (one percent for calendar year 2016) or the private consumer rate as fixed by the Department of the Treasury.

B. Policy: The Department of the Treasury has notified the Department of Health and Human Services that the private consumer rate has been changed to **10.00 percent**.

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 I C M W | S S S F | | |
| 9644.1 | The Medicare contractors shall implement an interest rate of 10.00 percent effective April 19, 2016 for Medicare overpayments and underpayments. | X | X | | X | | | | | |

III. PROVIDER EDUCATION TABLE

| Number | Requirement | Responsibility | | | | |
|--------|-------------|----------------|---|-------------|-------------|------------------|
| | | A/B MAC | | | D M E | 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): Monica Potee, 410-786-4297 or monica.potee@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

IV. SUPPORTING INFORMATION

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

Use "Should" to denote a recommendation.

| X-Ref Requirement Number | Recommendations or other supporting information: |
|----------------------------------------|---------------------------------------------------------|
| 9644.1 | This reaffirms interest rates for prior periods: |
| Period | Interest Rate |
| October 19, 2007 – January 17, 2008 | 12.5% |
| January 18, 2008 – April 17, 2008 | 12.125% |
| April 18, 2008 – July 23, 2008 | 11.375% |
| July 24, 2008 – October 21, 2008 | 11.125% |
| October 22, 2008 – January 22, 2009 | 11.375% |
| January 23, 2009 – April 15, 2009 | 11.375% |
| April 16, 2009 – July 16, 2009 | 11.00% |
| July 17, 2009 – October 21, 2009 | 11.25% |
| October 22, 2009 – January 24, 2010 | 10.875% |
| January 25, 2010 – April 22, 2010 | 11.25% |
| April 23, 2010 – July 20, 2010 | 10.875% |
| July 21, 2010 – October 21, 2010 | 11.00% |
| October 22, 2010 – January 23, 2011 | 10.75% |
| January 24, 2011 – April 18, 2011 | 11.25% |
| April 19, 2011 – July 17, 2011 | 11.00% |
| July 18, 2011 --- October 18, 2011 | 11.50% |
| October 19, 2011 ---October 19, 2011 | 10.78% |
| October 20, 2011----January 18, 2012 | 10.875% |
| January 19, 2012 --- April 17, 2012 | 10.50% |
| April 18, 2012 --- July 17, 2012 | 10.875% |
| July 18, 2012 ---- October 17, 2012 | 11.00% |
| October 18, 2012 ---- January 16, 2013 | 10.375% |
| January 17, 2013 --- April 16, 2013 | 10.625% |
| April 17, 2013 ---July 16, 2013 | 10.125% |
| July 17, 2013 ---October 17, 2013 | 10.375% |
| October 18, 2013---January 20, 2014 | 10.125% |
| January 21, 2014----April 16, 2014 | 10.25% |
| April 17, 2014---July17, 2014 | 10.125% |
| July 18, 2014 – October 19, 2014 | 9.625% |
| October 20, 2014—January 20, 2015 | 10.75% |
| January 21, 2015 ---April 16, 2015 | 10.50% |
| April 17, 2015 ----July 19, 2015 | 9.875% |

| X-Ref Requirement Number | Recommendations or other supporting information: |
|-------------------------------------|---------------------------------------------------------|
| July 20, 2015 ---- October 19, 2015 | 9.75% |
| October 20, 2015---January 18, 2016 | 10.00% |
| January 19, 2016 – April 18, 2016 | 9.75% |
| April 19, 2016 -- | 10.00% |