

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-20 One-Time Notification</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 361</b>	<b>Date: JULY 25, 2008</b>
	<b>Change Request 6117</b>

**Subject: Administrative Instructions for Support Income Tax Reporting**

**I. SUMMARY OF CHANGES:** The purpose of this CR is to outline the administrative follow-up instructions and tasks to CR 5816 - Support Income Tax Reporting. This CR details the efforts of the DME MAC contractors and NSC contractor in resolving IRS notification of incorrect name or TIN number as recorded on issued IRS Form 1099-MISC. These business requirements are in addition to the requirements approved in CR 5816.

**New / Revised Material**

**Effective Date: July 1, 2008**

**Implementation Date: August 25, 2008**

*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:**

SECTION A: For Fiscal Intermediaries and Carriers:

Not Applicable.

SECTION B: 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**

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

# Attachment – One-Time Notification

Pub. 100-20	Transmittal: 361	Date: July 25, 2008	Change Request: 6117
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**SUBJECT: Administrative Instructions for Support Income Tax Reporting**

**Effective Date:** July 1, 2008

**Implementation Date:** August 25, 2008

## I. GENERAL INFORMATION

**NOTE: This CR is a follow-up to CR 5816 – Support Income Tax Reporting previously approved, to outline communications, instructions and procedures between the DME MAC, the NSC, and CMS.**

### A. Background: Reporting Requirements For Federal Agencies

The reporting requirements of section 6041A states that any service-recipient engaged in a trade or business that pays in the course of such trade or business during any calendar year remuneration for such services in the aggregate of \$600 or more, must file an information return. The \$600 or more paid by a Federal executive agency to a corporation is also subject to the information reporting requirements per section 6041A(d)(3). However, contracts between Federal agencies and corporations that qualify as classified or confidential (i.e., for national security reasons) are exempt under Code Sec. 6050M (e) and 6050M.

### Centers for Medicare & Medicaid Services, HHS C.F.R 42 400.202 – Definitions specific to Medicare:

“*Services* means medical care or services and items, such as medical diagnosis and treatment, drugs and biological, supplies, appliances, and equipment, medical social services, and use of hospital, CAH, or SNF facilities.”

### Internal Revenue Service – Special Rules:

Payments reportable to Corporations: Payments by federal agencies to corporations are not exempt from the filing requirements. Internal Revenue Code section 6041A(d)(3) provides that payments made for services performed by a corporation are subject to information reporting requirements when the remuneration has been paid to the corporation by a Federal executive agency.

### IRS Specific Instructions for Form 1099-MISC

States in part – File Form 1099-MISC, Miscellaneous Income, for each person to whom you have paid during the year:

At least \$600 in rents, services (including parts and materials), prizes and awards, other income payments, medical and health care payments.

### B. Policy: DME MAC shall follow all Internal Revenue Service (IRS) reporting rules and regulations (rev. rul. 70-608)

## II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B  M A C	D M E  M A C	F I  I E R	C A R R I E R	R H I  I S S	Shared-System Maintainers				OTHE R  N S C A U T I P A O L R A I L E N R H O U S E
6117.1	The NSC shall research each mismatch/discrepancy on the IRS TIN matching report received by the NSC from the IRS in January, 2008 and make corrections/updates in the NSC database using information previously submitted by suppliers. If the discrepancy cannot be resolved with documentation previously submitted by suppliers, the NSC shall request the supplier submit the CMS 855S with appropriate documentation. As the corrections/updates are made, the NSC shall transmit the corrections/updates to each DME MAC using established daily data transmissions. All research on mismatches/discrepancies shall be completed by the NSC no later than August 25, 2008.										X
6117.2	Each DME MAC shall designate a Point of Contact (POC) to receive the IRS TIN matching spreadsheet as well as any other information/documentation related to this Change Request and inform the NSC of the name and contact information of the POC no later than August 25, 2008 via e-mail to <a href="mailto:NSC.1099@PalmettoGBA.com">NSC.1099@PalmettoGBA.com</a> (a CR 6117 specific e-mail box created by the NSC for this initiative).		X								
6117.3	The NSC shall create an IRS TIN matching spreadsheet containing supplier identifying information and noting the date of correction/update as well as the nature of the										X

	correction/update. Corrections/updates that cannot be made shall also be documented on this spreadsheet.																				
6117.4	The NSC shall supply each DME MAC POC with the IRS TIN matching spreadsheet and a NSC POC for this initiative no later than August 29, 2008.																				X
6117.5	For those suppliers referenced in the IRS TIN matching spreadsheet where the discrepancy has not been resolved, the DME MAC shall, upon receipt of the IRS Form CP 2100 or CP 2100a, send the first Back-up Withholding Notice (B Notice). The DME MAC shall send a cover letter with the B Notice, requesting the supplier to complete an IRS Form W-9, including instructions on where it is located ( <a href="http://www.irs.gov">www.irs.gov</a> ) and to send the completed W-9 back to the originating DME MAC within 30 days of the correspondence postmark. In addition, the cover letter shall request the supplier complete the CMS-855S with directions to the supplier on its location ( <a href="http://www.palmettogba.com/nsc">www.palmettogba.com/nsc</a> ) and instructions to return the completed CMS 855S to the NSC (including address) within 30 days of the correspondence postmark.	X																			
6117.6	Once the B Notice is issued, the suppliers who were issued B Notices shall have the Flag 6 on the APPL Header updated to a B (Provider on Blist).	X																			
6117.7	Each DME MAC POC shall inform the NSC of the date of the B Notice mailing via the NSC e-mail box ( <a href="mailto:NSC.1099@PalmettoGBA.com">NSC.1099@PalmettoGBA.com</a> ).	X																			
6117.8	If any of the B Notice correspondence referenced in 6117.5 is returned to the DME MAC as undeliverable, the DME MAC shall start IRS Backup withholding on the undeliverable suppliers within the IRS prescribed timeframes and append the supplier's Flag 6 of the APPL Header screen to a C (Provider currently subject to backup withholding).	X																			
6117.9	The DME MACs will notify the NSC POC of the supplier identifying information of all suppliers on IRS Backup withholding status (from all returned B Notices) via the NSC e-mail box ( <a href="mailto:NSC.1099@PalmettoGBA.com">NSC.1099@PalmettoGBA.com</a> ).	X																			
6117.10	The NSC shall update the IRS TIN matching spreadsheet with the undeliverable B Notice/Backup withholding status of the effected suppliers.																				X
6117.11	If a CMS 855S is received by the NSC from the supplier after the B Notice mailing, the NSC shall process the CMS 855S application and transmit the supplier information to the DME MACs using established daily data transmissions as well as annotate the date and the supplier's corrected information in the IRS TIN matching spreadsheet.																				X
6117.12	DME MACs shall append any corrected supplier's Flag 6	X																			

	of the APPL Header screen to a P (Provider previously on Blist). No additional action is necessary by the DME MACs for corrected suppliers.													
6117.13	If no changes have been made to the supplier's information since the B Notice mailing, the DME MAC shall start IRS Backup withholding within the IRS prescribed timeframes and append the supplier's Flag 6 of the APPL Header screen to a C (Provider currently subject to backup withholding).		X											
6117.14	The NSC shall supply each DME MAC with the most current IRS TIN matching spreadsheet no more than 90 days after the B Notices were sent by the DME MACs (see BR 6117.7). This final spreadsheet will be used by the DME MACs as documentation of corrections and/or actions taken as required by the IRS.													X
6117.15	The IRS Backup Withholding shall remain in effect until the NSC receives acceptable requested information from the suppliers and the NSC transmits the supplier information to the DME MACs using established daily data transmissions.		X											

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)												
		A B M A C	D M M A C	F I I E R	C A R I E R	R H H I	Shared-System Maintainers				OTH ER			
						F I S S	M C S	V M S	C W F					
	None.													

### IV. SUPPORTING INFORMATION

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

*Use "Should" to denote a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information

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

## **V. CONTACTS**

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## **VI. FUNDING**

**A. For *Fiscal Intermediaries and Carriers*, use the following statement:**

Not Applicable.

**B. For *Medicare Administrative Contractors (MACs)*, use the following statement:**

The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). 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.