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# CMS Manual System

## Pub. 100-06 Medicare Financial Management

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Department of Health & Human Services (DHHS)  
Centers for Medicare & Medicaid Services (CMS)

Transmittal 79

Date: OCTOBER 6, 2005

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CHANGE REQUEST 3938

*NOTE: Transmittal 74, dated August 5, 2005 is rescinded and replaced with Transmittal 79, dated October 6, 2005. There was a change on business requirement (BR) 3938.4, AR Number: 20 was added and BR 3938.5.1. was changed to monthly. All other information remains the same*

**SUBJECT: Discovery Code Indication for Recovery Audit Contractor (RAC) Non-MSP Identified Overpayments**

**I. SUMMARY OF CHANGES:** This change request creates a new discovery code that will give Medicare contractors the capability to track the overpayments identified by the recovery audit contractors and create daily standard reports which will allow CMS to reconcile the actions taken on overpayments identified by a recovery audit contractor. The following contractors are currently affected by the recovery audit contractor demonstration project: NHIC (31140 & 31146), CIGNA DMERC (5655), Palmetto DMERC (885), FCSO (90 & 590), UGS (California 454), HealthNow DMERC (811), Empire (308 & 803), GHI (14330), and HealthNow (801).

**NEW/REVISED MATERIAL - EFFECTIVE DATE\*: January 1, 2006**

**IMPLEMENTATION DATE: January 3, 2006**

*Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. 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 not updated.)**  
**(R = REVISED, N = NEW, D = DELETED) – (Only One Per Row.)**

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

**III. FUNDING: Medicare Contractors shall implement these instructions within their current operating budgets.**

**IV. ATTACHMENTS:**

	<b>Business Requirements</b>
	<b>Manual Instruction</b>
	<b>Confidential Requirements</b>
<b>X</b>	<b>One-Time Notification</b>
	<b>Recurring Update Notification</b>

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

# Attachment – One-Time Notification

<b>Pub. 100-06</b>	<b>Transmittal: 79</b>	<b>Date: October 6, 2005</b>	<b>Change Request 3938</b>
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**SUBJECT: Discovery Code Indication for Recovery Audit Contractor (RAC) Non-MSP Identified Overpayments.**

## I. GENERAL INFORMATION

**A. Background:** Section 306 of the MMA required CMS to complete a demonstration project evaluating the use of recovery audit contractors in identifying Medicare underpayments and overpayments and recouping overpayments. The following contractors are currently affected by the recovery audit contractor demonstration project: NHIC (31140 & 31146), CIGNA DMERC (5655), Palmetto DMERC (885), FCSO (90 & 590), UGS (California 454), HealthNow DMERC (811), Empire (308 & 803), GHI (14330), and HealthNow (801).

**B. Policy:** This change request creates a new discovery code that will give Medicare contractors the capability to track the overpayments identified by the recovery audit contractors and create daily standard reports which will allow CMS to reconcile the actions taken on overpayments identified by a recovery audit contractor.

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		F I S S	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3938.1	The standard system shall create a new discovery code (equivalent to Source code on PSOR) to identify when a recovery audit contractor identifies an overpayment. This new discovery code shall reflect a Recovery Audit Contractor Identified Overpayment.					X	X	X		HIGLAS

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3938.2	Medicare Contractors shall use the new discovery code when creating an accounts receivable which resulted from a recovery audit contractor identified adjustment.	X		X	X					
3938.2.1	The discovery code will be used in the accounts receivables/financial system. The discovery code indicating that this was a RAC identified overpayment shall not appear on the remittance advice.	X		X	X					
3938.3	The standard system shall create a daily financial report listing all actions taken on all overpayments identified by a recovery audit contractor in the last 24 hours.					X	X	X		HIGLAS
3938.3.1	The daily financial report shall include all new receivables, all recoupments, interest accruals, status code changes, and all adjustments to the overpayment amount and any closed receivables that were identified by a RAC and had any of these actions in the last 24 hours.					X	X	X		HIGLAS
3938.3.2	The report shall be generated by the COB of each day.					X	X	X		HIGLAS
3938.3.3	The report shall include the claim number, the provider number, the document control number, the reason code, the status code, the original overpayment amount, the current overpayment amount, the amount recouped and the closed date.					X	X	X		HIGLAS
3938.3.4	The report shall be detailed and include a line for all transactions that occurred on the accounts receivable that was identified by the recovery audit contractor. This includes the creation of the accounts receivable, recoupments, interest assessments, status code changes and the closure of the accounts receivable.					X	X	X		HIGLAS
3938.4	The report shall be able to be downloaded to a					X	X	X		HIGLAS



