



Reporting Withholding Due to the Internal Revenue Service (IRS) Federal Payment Levy Program (FPLP) on the Remittance Advice– JA6125

Note: MLN Matters article MM6125 was revised to add information regarding requirements for provider representatives who contact IRS and to make other minor clarifications.

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Date Job Aid Revised: January 16, 2009

Effective Date: October 1, 2008

Implementation Date: October 6, 2008

Key Words

MM6125, CR6125, R3670TN, IRS, Levy, FPLP, Remittance

Contractors Affected

- Medicare Carriers
- Fiscal Intermediaries (FIs)
- Part A/B Medicare Administrative Contractors (A/B MACs)

Provider Types Affected

Providers submitting claims to Medicare Carriers, FIs and/or A/B MACs for services provided to Medicare beneficiaries



- The Taxpayer Relief Act of 1997, Section 1024, authorizes the Centers for Medicare & Medicaid Services (CMS) to reduce certain federal payments, including Medicare payments, to allow collection of overdue taxes. If a provider owes such taxes and their payments are reduced, their remittance advice will reflect a provider level adjustment code (PLB) of “WU” in the PLB03-1 data field.
- Such payments may be reduced by 15 percent or the amount of the tax owed if it is less than 15 percent of the payment.

Provider Needs to Know...

- CMS may reduce Medicare payments subject to the levy by 15 percent, or the exact amount of tax owed if it is less than 15 percent of the payment.
- The levy is continuous until the overdue taxes are paid in full, or other arrangements are made to satisfy the debt.
- Each time the federal payment is levied, CMS will notify the payee in the Remittance Advice which federal payment was levied, the amount withheld, and the toll-free IRS/Treasury telephone number the payee should contact for resolution.
- If the amount of the withholding through FPLP exceeds the total debt owed by the payee, the IRS/Treasury is responsible for refunding the overpayment to the payee.
- Effective October 1, 2008, if a provider owes such taxes to IRS, their Medicare payment may be adjusted accordingly.
- When such adjustments occur, the provider's Medicare remittance advice will reflect the code of "WU" in the PLB03-1 data field.
- In addition, a 10 digit toll-free IRS number (1-800-829-3903) will appear in the PLB03-2 data field and the amount of the withholding will be inserted in the PLB04 field.
- **Providers should note that under current privacy rules and regulations, only the IRS/Treasury may discuss the tax issue with them. Therefore, if they have questions, they should contact the IRS at the toll-free number (see above) instead of contacting their Medicare contractor.**
- The person contacting the IRS must be authorized to represent the provider/physician regarding tax matters; otherwise, the IRS will not discuss the issue.
- The caller must also have the Taxpayer Identification Number of the provider/physician from whom the recovery was made. The person calling the IRS should also state that the recovery was from a Medicare payment.
- It can take several days for the amount offset from the Medicare payment to be posted to the IRS records.
- If providers use Medicare Remit Easy Print Software supplied by their Medicare contractor, they will need to obtain an updated version of the software, on or after October 6, 2008, in order to view these changes on their printed remittances.

Background

- In July 2000, the IRS started the FPLP, which is authorized by Internal Revenue Code Section 6331 (h), as prescribed by Section 1024 of the Taxpayer Relief Act of 1997.
 - Through this program, collection of overdue taxes through a continuous levy on certain federal payments is authorized. This includes federal payments made to contractors and vendors, including Medicare providers, doing business with the government.
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Operational
Impact

N/A

Reference
Materials

The related MLN Matters article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6125.pdf> on the CMS website.

The official instruction (CR6125) regarding this change may be viewed at <http://www.cms.hhs.gov/Transmittals/downloads/R367OTN.pdf> on the CMS website.
