



Related MLN Matters Article #: MM3079

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Related CR #: 3079

## *CMS Manual System – Payment to Bank*

### Key Words

MM3079, CR3079, R213CP, Payment, Bank

### Provider Types Affected

Providers and suppliers

### Key Points

- The effective date for the instruction is July 25, 2004.
- The implementation date is July 25, 2004.
- A change in Medicare payment policy, effective July 25, 2004, allows Medicare to send a payment to an individual provider or supplier's bank account for deposit.
- If certain conditions are met, payments from Medicare to a provider/supplier may be sent to the provider's bank (or similar financial institution) for deposit into the provider's account.
- Medicare payments may be sent to a bank (or similar financial institution) to be deposited in the provider/supplier's account as long as the following requirements are met:
  - The bank may provide financing to the provider/supplier as long as the bank states in writing, in the loan agreement, that it waives its right of offset (This allows the bank to lend money to the provider as well as deposit money from Medicare into the provider/supplier's account).
  - The bank account is in the provider/supplier's name and only the provider or supplier may issue instructions on that account.
  - The bank should only be bound by the provider/supplier's instructions.
  - No other agreement that a provider/supplier has with a third party can have any influence on the account.
  - If a bank is under a standing order from the provider/supplier to transfer funds from the provider's/supplier's account to the account of a financing entity in the same or another bank and the provider/supplier rescinds that order, the bank honors this rescission regardless of the fact that it is a breach of the provider/supplier's agreement with the financing entity.

- Regardless of the language in any agreement a provider/supplier has with a third party that is providing financing, that third party cannot receive the provider/supplier's Medicare receivables without those receivables first passing through the ownership of the provider/supplier.

### Important Links

The related MLN Matters article can be found at

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM3079.pdf> on the CMS website.

The official instruction (CR3079) regarding this change may be viewed at

<http://www.cms.gov/Transmittals/downloads/R213CP.pdf> on the CMS website.