



Related MLN Matters Article #: MM5586

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Related CR #: 5586

Electronic Funds Transfer (EFT) Standardizations and Revisions to the Medicare Claims Processing Manual (Chapter 24)

Key Words

MM5586, CR5586, R1284CP, Electronic, Funds, Transfer, Standardization

Provider Types Affected

Physicians, providers, and suppliers submitting claims to Medicare Carriers, Durable Medical Equipment Medicare Administrative Contractors (DME MACs), Fiscal Intermediaries (FIs), Part A/B Medicare Administrative Contractors (A/B MACs), and/or Regional Home Health Intermediaries (RHHIs) for services provided to Medicare beneficiaries

Key Points

- The effective date of the instruction is July 1, 2007.
- The implementation date is October 1, 2007.
- MLN Matters article MM5586 is based on Change Request (CR) 5586, which provides the following revisions to the *Medicare Claims Processing Manual* (Chapter 24, Section 40.7 and Section 90.5.3), regarding EFT and the identification of providers to be reviewed.

Contractor Roles in Administrative Simplification Compliance Act (ASCA) Reviews and Identification of Providers to be Reviewed

- Each carrier, DME MAC, and A/B MAC (not FIs or RHHIs at this time) conducts an ASCA review annually of 20% of the providers still submitting CMS-1500 paper claims. Medicare contractors will not select a provider for a quarterly review if:
 - A prior quarter review is underway and has not yet been completed for that provider;
 - The provider has been reviewed within the past two years and was determined to be a "small" provider (fewer than 10 Full-Time Equivalent are employed in that practice), and there is no reason to expect the provider's "small" status will change within two years of the start of the prior review; or
 - Fewer than 30 paper claims were submitted by the provider to Medicare, during the prior quarter.

Electronic Funds Transfer

- Although EFT is not mandated by the Health Insurance Portability and Accountability Act, EFT is the required method of Medicare payment for all providers entering the Medicare program for the first time and any existing providers, not currently receiving payments by EFT, who are submitting a change to their existing enrollment data.
- Providers must submit a signed copy of Form CMS-588 (Electronic Funds Transfer Authorization Agreement) to their Medicare contractors. For changes of information, DME MACs will verify the authorized official on the CMS-855 form.
- Medicare contractors must use a transmission format that is both economical and compatible with the servicing bank.
- If the money is traveling separately from an X12 835 transaction, then the National Automated Clearinghouse Association format CCP (Cash Concentration/Disbursement plus Addenda –CCD+) is used to make sure that the addenda record is sent with the EFT because providers need the addenda record to reassociate dollars with the data.
- Medicare contractors must:
 - Transmit the EFT authorization to the originating bank upon the expiration of the payment floor applicable to the claim and
 - Designate a payment date (the date on which funds are deposited in the provider's account) of two business days later than the date of transmission.

Note: Medicare contractors will not approve any requests to change payment method from EFT to check.

Important Links

The related MLN Matters article can be found at

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5586.pdf> on the CMS website.

The official instruction (CR5586) issued regarding this change may be viewed at

<http://www.cms.hhs.gov/Transmittals/downloads/R1284CP.pdf> on the CMS website.

Providers may review Chapter 24 of the *Medicare Claims Processing Manual* (General EDI and EDI Support Requirements, Electronic Claims and Coordination of Benefits Requirements, Mandatory Electronic Filing of Medicare Claims) at <http://www.cms.hhs.gov/manuals/downloads/clm104c24.pdf> on the CMS website.

If providers have any questions, they may contact their Medicare contractor at their toll-free number, which may be found on the CMS website at

<http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.