

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services



Revised product from the Medicare Learning Network® (MLN)

- [ICD-10-CM/PCS Billing and Payment Frequently Asked Questions](#), Fact Sheet (ICN 908974)

MLN Matters® Number: MM9285

Change Request (CR) #: CR 9285

Related CR Release Date: August 21, 2015

Implementation Date: October 16, 2015

Related Transmittal #: R15360TN

Effective Date: October 16, 2015

Increase Tax Withholding to 100 Percent for Internal Revenue Service (IRS) Federal Payment Levy Program (FPLP)

Provider Types Affected

This MLN Matters® Article is intended for physicians, providers, and suppliers who submit claims to Medicare Administrative Contractors (MACs) and who may owe back taxes to the Internal Revenue Service (IRS).

What You Need to Know

Change Request (CR) 9154 instructs the Healthcare Integrated General Ledger Accounting System (HIGLAS) system maintainer to make necessary programming changes to increase the tax withhold percentage from 30 percent to 100 percent. If you owe back taxes to the IRS and those taxes are eligible to be withheld from payments due you from Medicare, the withhold rate will increase from the current 30 percent to 100 percent on October 16, 2015.

Background

In July 2000, the IRS, in conjunction with the Department of the Treasury, started the Federal Payment Levy Program (FPLP) which is authorized by Internal Revenue Code Section 6331 (h) (see <http://www.gpo.gov/fdsys/pkg/USCODE-2011-title26/pdf/USCODE->

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[2011-title26-subtitleF-chap64-subchapD-partIIsec6331.pdf](#)), as prescribed by the Taxpayer Relief Act of 1997 Section 1024 (see <http://www.gpo.gov/fdsys/pkg/PLAW-105publ34/html/PLAW-105publ34.htm>).

Through the FPLP, authority is provided to the Centers for Medicare & Medicaid Services (CMS) to collect overdue taxes through a levy on certain federal payments. This includes federal payments made to providers, contractors and vendors doing business with the government.

Consistent with this authority, CMS introduced CR6125 in October of 2008, which reduced federal payments subjected to the levy by the required 15 percent, or the exact amount of the tax owed if it is less than 15 percent of the payment. You can review the MLN Matters® Article MM6125, corresponding to CR6125, at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/mm6125.pdf> on the CMS website.

In December 2014, the Internal Revenue Code Section 6331(h) was amended by the Tax Increase Prevention Act of 2014 Section 209(a) (see <http://www.gpo.gov/fdsys/pkg/BILLS-113hr5771enr/html/BILLS-113hr5771enr.htm>), which mandated an increase to the tax levy to 30 percent. In order to do this, CMS introduced CR9154. You can review the MLN Matters® Article MM9154 corresponding to CR9154, at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM9154.pdf> on the CMS website.

In April 2015, the Internal Revenue Code Section 6331(h) was amended by the Medicare Access and CHIP Reauthorization Act of 2015, Section 413(a), which increases the tax levy withholding to 100 percent.

Additional Information

The official instruction, CR9285, issued to your MAC regarding this change is available at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R1536OTN.pdf> on the CMS website.

If you have any questions, please contact your MAC at their toll-free number. That number is available at <http://www.cms.gov/Outreach-and-Education/Medicare-LearningNetworkMLN/MLNMattersArticles/index.html> under - How Does It Work.

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