

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-06 Medicare Financial Management	Centers for Medicare & Medicaid Services (CMS)
Transmittal 240	Date: September 19, 2014
	Change Request 8847

SUBJECT: Transitioning Medicare Administrative Contractor (MAC) Workloads to the New Banking Contractor(s)

I. SUMMARY OF CHANGES: The Medicare banking contracts were re-competed and awarded on July 10, 2014. One contract was awarded to Citi Bank (New Bank) and the other was awarded to the incumbent U.S. Bank. CR 8847 was issued to manage the transition of the MAC workloads from J.P. Morgan to Citi Bank. MACs that have J.P Morgan as their bank must transition all of their workloads to Citi Bank; these MACs must also move their non-base programming process for file formatting to the VDC system.

Additionally, all MACs, DMEs and DMACs will begin to transfer their files via a T1 Line and make the VDCs their pass through. Change Request (CR) 8847 removes the BDC/Gentran process from being the file transfer/pass through process. However, the BDC/Gentran process will remain a functional file transfer/pass through process as part of the contingency Plan.

EFFECTIVE DATE: September 19, 2014

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

IMPLEMENTATION DATE: September 30, 2014

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revise information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

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

III. FUNDING:

For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC statement of Work. The contractor is not obliged to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

**Business Requirements
Manual Instruction**

Attachment - Business Requirements

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I. GENERAL INFORMATION

A. Background: In 2010, CMS changed its Medicare banking policies by discontinuing the use of time accounts to pay for banking service charges and awarded five year commercial services contracts through full and open competition to two Banks (US Bank and JP Morgan Chase); these two Banks disburse MAC authorized payments and Demonstration project payments for CMS. The two current commercial banking contracts are terminating in Fiscal Year 2015. Centers for Medicare and Medicaid Services (CMS) has awarded new five year contracts through full and open competition to US Bank (incumbent bank) and Citibank (new bank). Each selected Bank shall provide both MAC payment services and Demonstration payment services and shall be designated Financial Agents of the U.S. Treasury.

CMS intends to transition MAC A/B and Durable Medical Equipment (DME) workloads from the incumbent Banks to the new Banks beginning in August 2014 and ending in January 2015. The incumbent Banks shall work proactively with CMS, the MACs, and the new Banks as well as any other CMS designated organization to ensure a smooth, orderly, cooperative transition of services.

B. Policy: The respective responsibilities of the MACs, Banks, and CMS are detailed in the Tri-Partite agreements. In addition, CMS requires Banks to meet the minimum financial stability criteria established by CMS and the U.S. Treasury; comply with the rules and regulations for commercial electronic banking established by the U.S. Treasury's Office of the Comptroller of the Currency and other governing entities; demonstrate the ability to process Electronic Funds Transfers (EFT) and paper check Medicare payments; be a current Financial Agent of the U.S. Treasury; and transition the current payment processing within five months of the contract award.

The Banks shall draw funds for making Medicare payments from the U.S. Treasury through Letters of Credit (LOC) established by CMS for each MAC A/B and DME workload. These funds shall be deposited into Federal Health Insurance Benefit Accounts used solely for the purpose of making Medicare payments and shall comply with the Federal Deposit Insurance Corporation Act of August 23, 1935 49 Stat. 684 as amended, 12 U.S.C 264.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility									
		A/B MAC			D M E	Shared- System Maintainers				Other	
		A	B	H		F	M	V	C		
8847.1	The MACs shall help establish Tri-Partite and LOC	X	X	X	X						BDC, EDCs,

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
	agreements with CMS and the new Banks.								VDC	
8847.2	The MACs shall send payment files to the new Banks that comply with the format attached to this CR (current US Bank workload format).	X	X	X	X					BDC, EDCs, VDC
8847.3	The MACs shall send and receive payment files through the Virtual Data Centers (VDC) using CMS-Net.	X	X	X	X					BDC, EDCs, VDC
8847.4	The MACs shall move all non-base programming required to process the EFT, check, and check clears files for the new Banks to the VDCs prior to transitioning to the new Banks; this non-based programming shall remain with the VDCs throughout the life of the new banking contracts.	X	X	X	X					BDC, EDCs, VDC
8847.5	The MACs shall maintain the capability of exchanging payment files with the incumbent Banks until successfully transitioning to the new Banks and closing all accounts with the incumbent Banks.	X	X	X	X					BDC, EDCs, VDC
8847.6	The MACs shall transition workloads from the incumbent Banks to the new Banks in accordance with the schedule provided by CMS; compliance with requirement 8847.4 shall be considered in the scheduling.	X	X	X	X					BDC, EDCs, VDC
8847.7	The MACs shall conduct round trip EFT, check, and check clears file testing with the new Banks and the VDCs; these tests shall be approved by CMS prior to completing the transition.	X	X	X	X					BDC, EDCs, VDC
8847.8	The MACs shall conduct functional testing with the new Banks throughout the transition; at a minimum, testing shall include: <ul style="list-style-type: none"> Opening Accounts; Setup Information and Balance Reporting; Account Reconciliation and Positive Pay; Implementing Automated Clearing House (ACH) Origination Services; Installing ACH Blocks and Filters (prevent unauthorized ACH transactions), Setup Image Archive on CD-ROM for Required Accounts, Setup Wire Transfer Privileges; Zero-Balance Account, Implementation Image Deposit Processing (Image Cash Letter); 	X	X	X	X					BDC, EDCs, VDC

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared-System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
	<ul style="list-style-type: none"> Perform Readiness Review/Go Live/Monitor Operations; All other Bank services as deemed necessary by CMS. 										
8847.9	The MACs shall work in conjunction with CMS, the VDCs, the incumbent Banks and the new Banks to establish a contingency plan that mitigates risks and ensures continuity of payment file processing throughout the transition.	X	X	X	X					BDC, EDCs, VDC	
8847.10	The MACs shall maintain the incumbent Bank accounts per the Tri-Partite agreement for up to one year after transitioning to process outstanding checks.	X	X	X	X					BDC, EDCs, VDC	
8847.11	The MACs shall work with the incumbent Banks for up to one year after transitioning to close accounts and transfer the remaining funds to the U.S. Treasury.	X	X	X	X					BDC, EDCs, VDC	
8847.12	The MACs shall provide CMS with: the non-base job number used to implement this CR; a description of the non-base job; the frequency in which the non-base job will be run each month; and, the actual or projected costs associated with running the non-base job.	X	X	X	X					BDC, EDCs, VDC	
8847.13	The MACs shall provide the deliverable referenced in 8847.12 to the CMS MAC Contracting Officer's Representative (COR) within 45 days of issuance of this CR.	X	X	X	X					BDC, EDCs, VDC	
8847.14	The HIGLAS shall make necessary changes to define the AP, AR, CE and GL bank account details for the new bank "orgs" in HIGLAS; HIGLAS shall also make changes to disable the existing AP, AR, CE and GL bank account details for the incumbent bank "orgs". HIGLAS shall also participate in round trip testing with the MACs, new banks, and VDCs; FISS and MCS shall provide support for this round trip testing.	X	X	X						HIGLAS, VDC	

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility					
		A/B MAC			D M E M A C	C E D I	
		A	B	H H H			

Number	Requirement	Responsibility				
		A/B MAC			D M E M A C	C E D I
		A	B	H H H		
8847.15	MLN Article: A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X	X	X	X	

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A
"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Darria Mosley, 410-786-6554 or Darria.Mosley@cms.hhs.gov , Wayne Slaughter, 410-786-0038 or Wayne.Slaughter@cms.hhs.gov , Carol Knott, 410-786-5813 or Carol.Knott@cms.hhs.gov , Frank Chartier, 410-786-8075 or Frank.Chartier@cms.hhs.gov.

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR) or Contractor Manager, as applicable.

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

ATTACHMENTS: 2

**Appendix –C.1
Account Reconciliation**

**ARP Standard Issue Input Format for Mainframe Data
Transmission/FTP**

Please use the standard layout format listed below to produce issue data for transmission to Financial Institution for your Full Account Reconciliation and Positive Pay Services.

The file you create should follow the specifications listed below:

- Each record will contain 145 characters
- The decimal is implied
- Each file may contain multiple accounts
- You will need to create a total record for each account (after the detail records)

DETAIL RECORD¹

<u>Field/ Column</u>	<u>Position</u>	<u>Length/Column Width</u>	<u>Contents</u>	<u>Description</u>
1/A	01-02	2	'01'	Record Code
2/B	03-14	12	Numeric	Account Number ²
3/C	15-24	10	Numeric	Serial/Check Number ²
4/D	25-36	12	\$\$\$\$\$\$\$\$\$çç	Amount ²
5/E	37-44	8	MMDDYYYY	Issue Date ²
6/F	45-45	1	Alpha/Numeric	Blank or "V" for Void
7/G	46-85	40	Alpha/Numeric	First Payee Name
8/H	86-125	40	Alpha/Numeric	Second Payee Name
9/I	126-145	20	Blank	Filler

TOTAL RECORD³

<u>Field/ Column</u>	<u>Position</u>	<u>Length/Column Width</u>	<u>Contents</u>	<u>Description</u>
1/A	01-02	2	'02'	Record Code
2/B	03-14	12	Numeric	Account Number ²
3/C	15-24	10	Numeric	Total Detail Records ²
4/D	25-36	12	\$\$\$\$\$\$\$\$\$çç	Total Amount ²
5/E-I	37-145	109	Blank	Filler ⁴

¹ The detail record contains all of the issue data information.

² These fields/columns are right justified and zero filled.

³ The Total Record is a summary of the information in the Detail record. It is a count of items and a total dollar amount.

⁴ Each record cannot exceed 145 characters, including the line feed / carriage return. Line feed / carriage return should be set at position 145.

Appendix-C.2

Account Reconciliation Output Format for Mainframe Data Transmission/FTP

Below is a layout of data for Full and Partial ARP and Deposit Reconciliation accounts as well as daily checks paid transmission files. This data is the same information that is found in the ARP journals (with the exception of the outstanding issue balance) and contains complete transaction detail on the accounts for the statement period.

The file has the following specifications:

- 80-character record
- Decimal implied
- Each file may contain multiple accounts
- A total record for each account will follow the detail records for each account

File Formats Account Reconciliation Services

Detail Record

Field	Position	Length	Contents	Description
1	01-02	2	'01'	Record Code
2	03-14	12	Numeric	Account Number**
3	15-24	10	Numeric	Serial Number**
4	25-36	12	\$\$\$\$\$\$\$\$\$¢¢	Amount**
5	37-44	8	MMDDYYYY	PAID (Cancel, Stop, Debit) DATE
6	45-52	8	MMDDYYYY	ISSUE (Credit) DATE
7	53-64	12	Numeric	Item Reference Number** (Number on back of paper item used for research. Will be zero-filled on paperless item.)
8	65-79	15	Alpha/Numeric	Additional Data (From Issue file if provided from customer)
9	80-80	1	Numeric	Record Type 1=Paid-No-Issue 2=Outstanding 3=Reconciled 4=Stopped 5=Canceled 6=Misc. Credit 7=Misc. Debit 8=Deposit*** 9=Rejects

Appendix-C.2

Total Record

Field	Position	Length	Contents	Description
1	01-02	2	'02'	Record Code
2	03-14	12	Numeric	Account Number**
3	15-24	10	Numeric	Total Paid Records**
4	25-36	12	\$\$\$\$\$\$\$\$\$¢¢	Total Paid Amount**
5	37-46	10	Numeric	Total Outstanding Records**
6	47-58	12	\$\$\$\$\$\$\$\$\$¢¢	Total Outstanding Amount**
7	59-66	8	MMDDYYYY	Reconciliation Date
8	67-80	14	Blank	Filler

** Right justified

*** Record Type 8 is only available for Deposit Reconciliation files. ARP Reconciliation files provide deposit and miscellaneous credit data within Record Type 6.