
CMS Manual System

Pub. 100-19 Demonstrations

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Transmittal 24

Date: MAY 20, 2005

CHANGE REQUEST 3773

SUBJECT: Instructions for Affiliated Contractors Involved in the Recovery Audit Contractor (RAC) Demonstrations

I. SUMMARY OF CHANGES: This change request provides detailed instructions to affiliated contractors involved in the recovery audit contractor demonstration. They instruct contractors to change their medical review process and overpayment process for claim types being reviewed by the recovery audit contractor. Section 100 was added to Chapter 4 of the Medicare Financial Management Manual, Pub. 100-04, to capture contractor instructions. FIs, Carriers and DMERCs impacted: NHIC (31140 & 31146), CIGNA DMERC (5655), Palmetto DMERC (885), FCSO (90 & 590), UGS (California 454), Healthnow DMERC (811), Empire (308 & 803), GHI (14330), Healthnow (801).

NEW/REVISED MATERIAL - EFFECTIVE DATE*: June 20, 2005

IMPLEMENTATION DATE: June 20, 2005

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

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

(R = REVISED, N = NEW, D = DELETED) – (Only One Per Row.)

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

III. FUNDING: Funding for implementation activities will be provided to contractors through the regular budget process.

IV. ATTACHMENTS:

X	Business Requirements
	Manual Instruction
	Confidential Requirements
	One-Time Notification
	Recurring Update Notification

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

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3773.1	The Affiliated Contractor (AC) shall provide the CMS Project Officer with a point of contact (POC) and an alternate POC within 5 business days of the effective date of this Change Request. The following information shall be provided: name, phone number, address, fax number, and email address for both the POC and the alternate.	X		X	X					
3773.2	Affiliated Contractors (AC) shall not perform any post payment medical review for a claim with claim paid dates in a prior fiscal year. Exception: If a post payment medical review is in process the AC may complete the medical review process.	X		X	X					
3773.3.1	ACs shall compile a list of all cases and/or claims that are currently involved in an ongoing post payment medical review or an active fraud investigation. This list shall include all cases involved in an active investigation through the effective date of this Change Request. This list will serve as the suppression list which will notify the RAC that the claim/provider/service cannot be reviewed.	X		X	X					
3773.3.2	Once complete this list shall be input into the RAC Database once the RAC Database is available for use. Further instructions concerning the RAC Database and how to input the cases will be released separately.	X		X	X					
3773.3.3	The ACs shall keep supporting documentation of the reason for the suppression for all cases input into the RAC Database.	X		X	X					
3773.4	The AC shall use the RAC Database and the CMS Project Officer or delegate to communicate with the RAC.	X		X	X					

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3773.5	The AC shall not dispute any identification made by the RAC. However, it may at its own discretion alert the CMS Project Officer if a pattern of unsupportable overpayments is identified by the RAC.	X		X	X					
3773.6	The RAC Database will create a daily report for the ACs of all newly identified overpayments. From this report the AC shall complete any necessary claims adjustment and update the RAC Database with the actual overpayment amount. This shall be created within 14 calendar days of the report date.	X		X	X					
3773.7.1	Once the claim adjustment is complete the AC shall create an accounts receivable in the AC’s system for the overpayment.	X		X	X					
3773.7.2	Once the accounts receivable is set up the AC SHALL NOT issue a demand letter however recoupment through offset shall occur through the normal process.	X		X	X					
3773.8	On a monthly basis the CMS Project Officer will send an underpayment report to each Point of Contact. The AC shall research all potential underpayments to determine their legitimacy and proceed with payment to the provider if necessary.									
3773.9.1	The AC shall update the RAC Database with all recoupments received by offset or check within 7 calendar days of receipt. This may occur through an electronic update if possible or manually. Requirements for electronic updates will be released with the RAC Database instructions however, no standard system changes will occur at this time to allow for the electronic update.	X		X	X					

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3773.9.2	All checks received for RAC initiated overpayments shall be processed following the normal guidelines and time frames.	X		X	X					
3773.9.3	Any extended repayment plan (ERP) request received from a provider for a RAC initiated overpayment shall be forwarded to the appropriate ERP contact at the RAC.									
3773.10	Any appeal request received from a RAC initiated overpayment shall be processed following normal guidelines.	X		X	X					
3773.11.1	On a monthly basis the AC shall forward a listing of all newly identified RAC overpayments for the preceding month including any collections and interest accruals. The list shall also include all collections and interest accruals on previously identified RAC overpayments.	X		X	X					
3773.11.2	This report may be generated from the standard system if the RAC initiated overpayments can be identified through a type or status or the report may be kept in an Excel spreadsheet or Access Database. No standard system changes will be made at this time to allow for the electronic report and/or indicator.	X		X	X					
3773.11.3	The report shall be claim level and shall be due on the 10 th calendar day after the end of the preceding month. (If pulled from the standard system the report may be overpayment level.)	X		X	X					
3773.11.4	The report shall include the claim number, the document control number, if applicable, the original balance, the demand letter date, and any collections or interest accruals.	X		X	X					

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3773.12	The AC shall update the RAC Database with the appeal status of the overpayment. The appeals shall be tracked so that the RAC can know when to stop recoupment and so that the data can be available when drafting the report to Congress. The RAC Database shall be updated throughout the appeal process. The RAC Database has a status code for every level of appeal and shall be updated within 7 calendar days of learning of the new request and/or update.	X		X	X					
3773.13	The AC shall proceed with fraud referrals from the CMS Project Officer received from the RAC following the normal referral process.	X		X	X					
3773.14	The AC shall inform the RAC through the CMS Project Officer or delegate all community outreach and/or public education taking place in the state. All information disseminated to the provider community concerning the RAC demonstration project shall be approved by the CMS Project Officer 30 days in advance of the event.	X		X	X					
3773.15.1	The AC shall be responsible for referring the RAC initiated overpayment to the Department of Treasury if the debt ages to 180 days delinquent.	X		X	X					
3773.15.2	The RAC will issue the Intent to Refer letter and will transfer the debt and case file to the AC if the debt reaches 130 days delinquent.	X		X	X					
3773.15.3	The AC shall follow the normal debt referral process. Once the debt is transferred to the AC from the RAC location, the debt is the responsibility of the AC. The appropriate transfer forms shall be used to allow for an audit trail of the transfer.	X		X	X					

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3773.16	The AC shall not input any RAC initiated debt onto the POR or PSOR system. The RAC Database shall serve as the CMS data warehouse for RAC initiated overpayments.	X		X	X					
3773.17.1	The AC shall provide the CMS PO with a provider listing of numbers, names and addresses from their internal system within 15 calendar days of the demonstration being operational. (This date will be released separately.)	X		X	X					
3773.17.2	The provider listing shall be placed on a CD or a DVD.	X		X	X					
3773.17.3	On a quarterly basis the AC shall update this listing to include any changes and/or new entries. The update listing shall be due no later than 15 calendar days after the end of each quarter.	X		X	X					

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility (“X” indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
	None									

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: None

X-Ref Requirement #	Instructions

B. Design Considerations: None

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: The AC shall be responsible for the interface with the RAC Database. The RAC Database will be an online database.

D. Contractor Financial Reporting /Workload Impact: The affiliated contractors shall ensure accurate financial reporting in the event they assume recoveries outside of the RACs scope of work. The affiliated contractors shall ensure all costs and workload counts associated with RAC interactions are accurately and completely reported with each supplemental budget request. The administrative costs for the demonstration will be paid through the recovered amounts as allowed by Section 306 of the MMA. All costs incurred by the AC that are associated with the RAC demonstration shall be allocated and detailed on each supplemental budget request. This information is necessary for approval of the supplemental budget request and for the evaluation of the demonstration.

E. Dependencies: None

F. Testing Considerations: None

V. SCHEDULE, CONTACTS, AND FUNDING

<p>Effective Date: June 20, 2005</p> <p>Implementation Date: June 20, 2005</p> <p>Pre-Implementation Contact(s): Connie Leonard, 410-786-6027</p> <p>Post-Implementation Contact(s): Connie Leonard, 410-786-6027</p>	<p>Funding for implementation activities will be provided to contractors through the regular budget process.</p>
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