CMS Manual System	Department of Health & Human Services (DHHS)
Pub. 100-06 Medicare Financial Management	Centers for Medicare & Medicaid Services (CMS)
Transmittal 35	Date: **FEBRUARY 9, 2004**

CHANGE REQUEST 1444

I. SUMMARY OF CHANGES: This transmittal includes the unsolicited/voluntary refund requirements and new materials (Exhibits 1 and 2) to account for checks received by providers/physician/supplier and other entities.

NEW/REVISED MATERIAL - EFFECTIVE DATE: July 6, 2004 (Analysis only)
*IMPLEMENTATION DATE: October 4, 2004

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

II. CHANGES IN MANUAL INSTRUCTIONS:
   (R = REVISED, N = NEW, D = DELETED)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	5/Table of Contents
N	5/410.1/General Information
N	5/410.2/Office of the Inspector General (OIG) Initiatives
N	5/410.3/Unsolicited/Voluntary Refund Accounts
N	5/410.4/Receiving and Processing Unsolicited/Voluntary Refund Checks When Identifying Information is Provided
N	5/410.5/Handling Checks or Associated Correspondence with Conditional Endorsements
N	5/410.6/Receiving and Processing Unsolicited/Voluntary Refund Checks when No Identifying Information is not Provided
N	5/410.7/CMS Reporting Requirements
N	5/410.8/Exhibit 1 Overpayment Refund – Summary Report
N	5/410.9/Exhibit 2 Unsolicited/Voluntary Refund Checks – Summary Report
N	5/410.10/Education

III. FUNDING: Medicare contractors only: Medicare Contractors should adjust their daily activities to complete the requirements for implementation.

IV. ATTACHMENTS:

X	**Business Requirements**
X	**Manual Instruction**
	Confidential Requirements
	One-Time Notification

Business Requirements

Pub. 100-06	Transmittal: 35	Date: February 9, 2004	Change Request 1444

SUBJECT: Unsolicited/Voluntary Refunds

This CR is released for analysis only for the July 2004 release. Targeted full implementation is October 2004.

The APASS maintainer and associated FIs are waived from implementing this requirement on July 6, 2004, due to their upcoming transition to the FISS system. However, they must implement this requirement upon transitioning to the FISS system.

I. GENERAL INFORMATION

A. Background: All Medicare contractors receive unsolicited/voluntary refunds (i.e., monies received not related to an open accounts receivable). Following are detailed instructions on how to identify, process, track and report unsolicited/voluntary refund checks received from providers/physicians/suppliers, and other entities (i.e., beneficiaries, insurers, employers, third party administrators (TPAs), etc.). Intermediaries generally receive unsolicited/voluntary refunds in the form of an adjustment bill, but may receive some unsolicited/voluntary refunds as checks. Carriers generally receive checks. Substantial funds are returned to the trust funds each year through such unsolicited/voluntary refunds.

B. Policy: This transmittal manualizes the unsolicited/voluntary refunds requirements from CR 1444 for contractors that receive unsolicited/voluntary refund checks.

C. Provider Education: None.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement
"Should" denotes an optional requirement

Requirement #	Requirements	Responsibility
1444.1	All Medicare systems shall be able to separately distinguish and track unsolicited/voluntary refund checks which result from a 1) provider/physician/ supplier or other entity under a CIA; 2) Provider/ physician/supplier or other entity under the OIG Self-Disclosure Protocol; and 3) Straight refund (a straight refund is a refund from a provider/ physician/supplier, or other entity who is not	All contractors and system maintainers

	under a CIA nor the OIG Self-Disclosure Protocol).	
1444.2	All Medicare systems shall have the ability to identify and produce a report that distinguishes a refund as a CIA, OIG Self-Disclosure Protocol, or straight refund at the point of disposition of the refund (i.e., after investigation of the origin of the refund).	All contractors and system maintainers
1444.3	Contractors shall access the OIG Web site (http://oig.hhs.gov/fraud/cias.html) for a list of all providers/physicians/suppliers, and other entities under a CIA.	All contractors
1444.4	Medicare contractors shall contact the Office of Counsel to the Inspector General (OCIG) attorney assigned to the OIG Self-Disclosure Protocol matter, as identified in the letter if it does not receive the refund check with in 30 days of receipt of a copy of the OIG letter that directs the provider/physician/supplier to refund the money resulting from an OIG Self Disclosure Protocol agreement.	All contractors
1444.5	Medicare Contractors shall not return any check submitted by a provider/physician/supplier and other entities that is made payable to the Medicare program.	All contractors
1444.6	Medicare contractors shall deposit such a check within 24 hours of receipt in accordance with Chapter 5, Financial Reporting Manual, section 100.3 and record the check in the account entitled "Other Liabilities – Unapplied Receipts" per Form CMS-750 instructions.	All contractors
1444.7	If the checks are not deposited within the 24-hour period, contractors shall record all checks in the account entitled "Assets/Cash – Undeposited Collections" per Form CMS-750 instructions. Medicare contractors shall implement internal controls to ensure the safeguarding of these Medicare checks until deposit.	All contractors
1444.8	If the specific Patient/Health Insurance Claim (HIC)/Claim Number information was provided and the provider/physician/supplier is not under a CIA or participating in the OIG Self-Disclosure Program, contractors shall make the appropriate adjustments, depending on the entity making the refund and the purpose of the	All contractors and system maintainers

	refund, either to the claims and/or the claim history file within 60 days from deposit of the check, and shall ensure that any MSN or Remittance Advice generated as the result of the claims adjustment contains the appropriate appeals language.	
1444.9	For those contractors whose checks are received through a locked box, appropriate claims adjustment shall be updated within 60 days of receipt of the bank's notification of deposit.	All contractors and system maintainers
1444.10	No appeals rights shall be afforded if the provider/ physician/supplier, or other entity 1) does not submit the specific Patient/HIC/Claim Number information, or 2) is under a CIA or participating in an OIG Self-Disclosure Protocol agreement.	All contractors
1444.11	The Medicare contractor shall establish an accounts receivable in the Medicare system and that shall be recognized on line 2a, New Accounts Receivable on Form CMS-751 report within 60 days after the deposit of the voluntary refund. In addition, the Medicare contractor shall reduce the "Other Liabilities" account for the same amount, and apply the refund to the established accounts receivable and recognized the collection on line 4a. Cash/Check Collections on Form CMS-751 report.	All contractors and systems maintainers
1444.12	The accounts receivable shall be established using the last name of the debtor that issued the check or on whose behalf the check was issued, as well as the debtor's employer/tax identification number and/or provider or beneficiary number. If the debtor's employer/tax identification number or provider or beneficiary number is unavailable, then the first four letters of the debtor's name and last four digits of the bank account number on the check shall be used as identifying information for setting up the accounts receivable. All Medicare systems shall have the ability to manually complete this procedure.	All contractors and system maintainers
1444.13	If the amount of the unsolicited/voluntary refund check exceeds the amount of the original claim, Medicare contractors shall check all categories of open account(s) receivable for that provider/physician/supplier or other entity	All contractors

	including those established as a result of medical review, benefit integrity (BI) review, cost reports, other overpayment demands, and Medicare Secondary Payer (MSP) demands. If an outstanding receivable is identified, apply the amount of the unsolicited/voluntary refund to the outstanding receivable balance.	
1444.14	If no other outstanding receivable exists for that provider/physician/supplier, or other entity, then the "Other Liabilities" account shall be reduced and an accounts receivable and collection due to a straight refund shall be established for the amount in excess.	All contractors and system maintainers
1444.15	Medicare contractors shall not automatically refund excess recoupments to the provider/physician/ supplier, or other entity. Contractors shall only refund excess recoupments when 1) a formal request for refund is made by the debtor or party authorized to act as an agent of the debtor, 2) no other outstanding accounts receivable exists, and 3) written documentation is submitted to support that Medicare clearly is not entitled to the money or was not the intended recipient of the refund check.	All contractors
1444.16	The Medicare contractor shall be responsible for completing Exhibit 1, as appropriate, and reporting it on Exhibit 2.	All contractors
1444.17	If checks are received with conditional endorsements, i.e. paid-in-full statement on check, Medicare contractors shall deposit such a check within 24 hours of receipt in accordance with CMS's Medicare Financial Management Manual and record the check in the account entitled "Other Liabilities – Unapplied Receipts" per Form CMS-750 instructions. On the other hand, if the checks are not deposited within 24-hour period, contractors shall record all checks in the account entitled "Assets/Cash – Undeposited Collections" per Form CMS-750 instructions. Contractors shall implement internal controls to ensure the safeguarding of these checks until deposit.	All contractors and system maintainers
1444.18	Contractors shall immediately notify the debtor and/or the entity on whose account the check is	All contractors and system maintainers

	drawn, if not the debtor, by certified mail. The following statement is suggested: **This is to acknowledge the receipt of the repayment in the amount of $XX, check number XX. The matter is being researched; however, the amount of the repayment may be insufficient to discharge the obligation and the debt may not be fully extinguished.** The infrequent receipt of checks with conditional endorsements should not negatively impact your production process. The standard letter needed to meet this requirement shall be added to your automated letter processing or generated from a personal computer.	
1444.19	For Non-MSP, if no specific Patient/Health Insurance Claim (HIC)/Claim Number information was provided with the unsolicited/voluntary refund, contractors shall contact the provider/physician/ supplier, or other entity sending the refund check for further information. Exhibit 1 (overpayment refund) contains the minimum data set necessary to process the refund. Contractors shall use this form during phone inquiry or attach it to the provider/physician/ supplier letter when requesting further information regarding the submitted refund. If the information is being collected via a telephone inquiry, the contractor employee conducting the inquiry shall inform the provider/physician/supplier, or other entity verbally that **if the specific Patient/HIC/Claim # information is not provided, no appeal rights shall be afforded**.	All contractors
1444.20	For Non-MSP, contractors shall have 60 days from deposit of the check to obtain the minimum claim specific data required to apply the check. The contractor shall take at least one documented follow-up action during the 60-day period to obtain the data.	All contractors
1444.21	For Non-MSP, if the minimum claim specific data required to apply the refund **is obtained** within 60 days from deposit of the check, contractors shall make appropriate adjustments to the identified claims and/or the claim history file for the amount of the refund. Contractors	All contractors and system maintainers

	shall establish an accounts receivable and apply the balance of the check to the account(s) receivable from the "Other Liabilities" account within 60 days after the deposit of the voluntary refund. The contractors shall ensure that any Remittance Advice or MSN generated as a result of the claim adjustment contains the appropriate appeals language.	
1444.22	For Non-MSP, if the minimum claim specific data required to apply the refund **is not obtained** from the provider/physician/supplier, or other entity within 60 days from deposit of check, the "Other Liabilities" account shall be reduced and an accounts receivable due to a straight refund shall be established for the amount of the unapplied unsolicited/voluntary refund. All Medicare systems shall allow contractors the ability to set up accounts receivable using either the provider/physician/ supplier, or other entity or beneficiary number.	All contractors and system maintainers
1444.23	For Non-MSP, the Medicare contractor shall establish an accounts receivable in the Medicare system that shall be recognized on line 2a, New Accounts Receivable on Form CMS-751 report within 60 days after the deposit of the voluntary refund. In addition, the Medicare contractor shall reduce the "Other Liabilities" account for the same amount, and apply the refund to the established accounts receivable and recognized the collection on line 4a, Cash/Check Collections on Form CMS-751 report.	All contractors and system maintainers
1444.24	For Non-MSP, the accounts receivable shall be established using the last name of the debtor identified on the check, as well as the debtor's employer/tax identification number and/or provider or beneficiary number. If the debtor's employer/tax identification number or provider or beneficiary number is unavailable, then the first four letters of the debtor's name and last four digits of the bank account number on the check shall be used as identifying information for setting up the accounts receivable. All Medicare systems shall have the ability to manually complete this procedure.	All contractors and system maintainers

1444.25	For Non-MSP, if the amount of the unsolicited/voluntary refund check exceeds the amount of the original claim, Medicare contractors shall check all categories of open account(s) receivable for that provider/physician/supplier or other entity including those established as a result of medical review, benefit integrity (BI) review, cost reports, other overpayment demands, and Medicare Secondary Payer (MSP) demands. If an outstanding receivable is identified, the contractor shall apply the amount of the unsolicited/voluntary refund to the outstanding receivable balance.	All contractors and system maintainers
1444.26	For Non-MSP, if no other outstanding receivable exists for that provider/physician/supplier, or other entity, then the "Other Liabilities" account shall be reduced and an accounts receivable and collection due to a straight refund shall be established for the amount in excess.	All contractors and system maintainers
1444.27	For Non-MSP, Medicare contractors shall not automatically refund excess recoupments to the provider/physician/ supplier, or other entity. Contractors shall only refund excess recoupments when 1) a formal request for refund is made by the debtor or party authorized to act as an agent of the debtor, 2) no other outstanding accounts receivable exists, and 3) written documentation is submitted to support that Medicare clearly is not entitled to the money or was not the intended recipient of the refund check.	All contractors
1444.28	For Non-MSP, the contractor shall be responsible for ensuring the completion of Exhibit 1 and reporting it on Exhibit 2 upon final disposition of the unsolicited/voluntary refund.	All contractors
1444.29	For Non-MSP, contractors are not required to report the established receivable on the PSOR. (This requirement does not preclude the contractor from reporting the receivable on the PSOR for non-MSP, if current systems already do so.)	All contractors

1444.30	For MSP, the Medicare contractor shall determine if there is an existing case and/or accounts receivable. If this is an existing case and/or accounts receivable, the contractor shall follow normal recovery procedures. If there is no case and/or accounts receivable, and there is indication of MSP involvement, the contractor shall send an MSP inquiry via the Electronic Correspondence Referral System (ECRS) to the MSP Coordination of Benefits Contractor (COBC) within the existing standard of 5 business days. **When referring information to the COBC for MSP investigation, the contractor shall forward all pertinent data. All fields on the ECRS Inquiry screen shall be completed if the data is available on the returned check or any accompanying correspondence. Information in the informant fields such as telephone numbers, point of contact, etc. are critical to COBC development efforts.**	All contractors and system maintainers
1444.31	For MSP, Medicare contractors shall only allow 60 days from deposit of the check for a response to the ECRS inquiry before taking action with respect to the "unapplied receipts." The contractor shall take at least one documented follow-up action (telephone call) during the 60-day period to obtain a status of the inquiry. This time period will also allow for the COBC to develop. If additional information is obtained after the initial inquiry that would help facilitate the processing and research of information, the COBC Consortia Representative shall be contacted and provided the additional information, via fax or telephone, to assist in completing the research. The contractor shall not send a second ECRS inquiry.	All contractors
1444.32	For MSP, If the minimum reporting information from the MSP COBC **is provided** within 60 days from deposit of check, the contractor shall make appropriate adjustments, depending on the entity making the refund and the purpose of the refund, to either the identified claims and/or the claim history file for the amount of the refund. The Medicare contractor shall establish	All contractors and system maintainers

	an account(s) receivable and apply the balance of the check to the account(s) receivable from the "Other Liabilities" account.	
1444.33	For MSP- If, within 60 days from deposit of check, 1) the minimum reporting information **is not provided,** 2) a response has not been received from the MSP COBC, or 3) a response from the COBC indicates the refund is not an MSP issue (i.e., Medicare is primary), Medicare contractors shall establish and recognize the accounts receivable and collection. The contractor shall report the refund in Exhibit 2 (Unsolicited/Voluntary Refund - Summary Report), and annotate with #16 reason code, as received with no reason for refund.	All contractors and system maintainers
1444.34	For MSP, the Medicare contractor shall establish an accounts receivable in the Medicare system that shall be recognized on line 2a, New Accounts Receivable on Form CMS-M751 report within 60 days after the deposit of the voluntary refund. In addition, the Medicare contractor shall perform a simultaneous transaction to apply the refund to the established accounts receivable and recognize the collection on line 4a, Cash/Check Collections on Form CMS-M751 report. The contractor shall initiate normal MSP recovery action for any remaining outstanding balance owed.	All contractors and system maintainers
1444.35	For MSP, the accounts receivable shall be established using the last name of the debtor that issued the check or on whose behalf the check was issued, as well as the debtor's employer/tax identification number and/or provider or beneficiary number. If the debtor's employer/tax identification number or provider or beneficiary number is unavailable, then the first four letters of the debtor's name and last four digits of the bank account number on the check shall be used as identifying information for setting up the accounts receivable. All Medicare systems shall have the ability to manually complete this procedure.	All contractors and system maintainers

1444.36	For MSP, if the amount of the unsolicited/voluntary refund check exceeds the amount of the original claim, Medicare contractors shall check all categories of open account(s) receivable for that provider/physician/supplier or other entity including those established as a result of medical review, benefit integrity (BI) review, cost reports, other overpayment demands. If an outstanding receivable is identified, the contractor shall apply the amount of the unsolicited/voluntary refund to the outstanding receivable balance.	All contractors and system maintainers
1444.37	For MSP, if no other outstanding receivable exists for that provider/physician/supplier, or other entity, then the "Other Liabilities" account shall be reduced and an accounts receivable and collection due to a straight refund shall be established for the amount in excess.	All contractors and system maintainers
1444.38	For MSP, Medicare contractors shall not automatically refund excess recoupments to the provider/physician/ supplier, or other entity. Contractors shall only refund excess recoupments when 1) a formal request for refund is made by the debtor or party authorized to act as the agent of the debtor, 2) no other outstanding accounts receivable exists, and 3) written documentation is submitted to support that Medicare clearly is not entitled to the money or was not the intended recipient of the refund check.	All contractors
1444.39	For MSP, the Medicare contractor shall be responsible for ensuring the completion of Exhibit 1 and reporting it on Exhibit 2 upon final disposition of the unsolicited/voluntary refund (i.e., after investigation of the origin of the refund).	All contractors
1444.40	Medicare contractors shall not report MSP accounts receivable on the PSOR.	All contractors
1444.41	Contractors shall maintain files that include copies of all unsolicited/voluntary refunds received and the completed Exhibit 1. These documents shall also serve as a tracking mechanism for audit trail purposes.	All contractors

1444.42	Contractors shall report, in the format provided Exhibit 2, the receipt of all unsolicited/voluntary refund checks from providers/physicians/suppliers, and other entities. The reports are due quarterly and shall be sent to the regional office (RO), BI Coordinator, by the 15th day of the following month (January 15, April 15, July 15, and October 15). All intermediaries and carriers shall submit a "negative" report even if they have $0 dollar reporting. The RO shall compile a list of all intermediaries and carriers that are required to submit a quarterly report and identify those that are not in compliance. The RO shall contact those not in compliance and request the submission of the reports. On the last day of each quarter (i.e., January 31, April 30, July 31 and October 31) the RO shall send the compiled list of intermediaries and carriers, with copies of all submitted reports to CMS Central office, Director, Division of Benefit Integrity and Law Enforcement Liaisons.	All contractors

II. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: Contractors will incur additional financial reporting requirements and workload to process, track and maintain unsolicited/voluntary refunds.

E. Dependencies: CR 1444 is dependent upon system maintainers due to system requirements to process, track and maintain unsolicited/voluntary refunds.

F. Testing Considerations: N/A

IV. OTHER CHANGES: N/A

Citation	Change

SCHEDULE, CONTACTS, AND FUNDING

Effective Date: July 6, 2004 (Analysis only) **Implementation Date: October 4, 2004** **Pre-Implementation Contact(s):** Maria Montilla 410-786-7109, Kim Downin 410-786-0188, or Barbara Wright 410-786-4292 **Post-Implementation Contact(s):** Maria Montilla 410-786-7109, Kim Downin 410-786-0188, or Barbara Wright 410-786-4292	**These instructions should be implemented within your current operating budget.**

Medicare Financial Management Manual
Chapter 5 - Financial Reporting

Table of Contents
(Rev. 35, 02-09-04)

410.1 - General Information

(Rev. 35, 02-09-04)

All Medicare contractors receive unsolicited/voluntary refunds (i.e. monies received not related to an open accounts receivable). Following are detailed instructions on how to identify, process, track and report unsolicited/voluntary refund checks received from providers/physicians/suppliers, and other entities (i.e., beneficiaries, insurers, employers, third party administrators (TPAs), etc.). These instructions shall not supersede other CMS guidance provided regarding the recovery and collection action on "demanded" debt, where an accounts receivable has already been established. If monies are received and the results of a contractor's investigation identify the existence of an established receivable, then the refund shall not be considered an "unsolicited/voluntary refund" within the context of the following instructions, and would not be reported on Exhibit 2 of these instructions (see section 410.9).

Intermediaries generally receive unsolicited/voluntary refunds from providers in the form of an adjustment bill, but may receive some unsolicited/voluntary refunds from providers and third party payers as checks. Carriers generally receive checks from physicians, suppliers and third party payers. Substantial funds are returned to the trust funds each year through such unsolicited/voluntary refunds.

Acceptance/deposit of the voluntary refund check in no way limits the rights of the Federal Government or any of its agents to pursue any appropriate criminal, civil, or administrative remedies arising from or relating to these or any other claims.

410.2 - Office of the Inspector General (OIG) Initiatives
(Rev. 35, 02-09-04)

The OIG, working with the Department of Justice and CMS, has initiatives to help combat health care fraud and abuse and to encourage health care providers/physicians/suppliers, and other entities to comply with the rules and regulations of Federal health care programs. Some of these initiatives include guidance, corporate integrity agreements (CIAs), and the OIG Self-Disclosure Protocol. The OIG Self-Disclosure Protocol is voluntary while the CIAs are mandatory. These initiatives are designed to ensure that the providers/physicians/suppliers, and other entities refund inappropriately received Medicare monies back to the trust funds.

CIAs are entered into between a health care provider/physician/supplier/other entity and OIG as part of a global settlement of a fraud investigation. Under the CIA (which can be for a period ranging from 3 to 5 years), the provider/physician/supplier or other entity is required to undertake specific compliance obligations, such as designating a compliance officer, undergoing training, and auditing. The provider/physician/supplier or other entity must report regarding their compliance activities on an annual basis to the OIG, which is responsible for monitoring the agreements.

The OIG Self-Disclosure Protocol was produced by the OIG to provide guidance to health care providers/physicians/suppliers and other entities that decide to voluntarily disclose irregularities in their dealings with the Federal health care programs. The decision to follow the OIG Self-Disclosure Protocol rests exclusively with the provider/physician/supplier and other entity. The OIG Self-Disclosure Protocol is intended to facilitate the resolution of only matters that, in the provider/physician/supplier and other entity's reasonable assessment, potentially violates Federal, criminal, civil, or administrative laws.

It should be noted that providers/physicians/suppliers and other entities who are under a CIA or who self-disclose to the OIG sign an agreement stating that any refunds submitted as part of the CIA or the self-disclosure process are not subject to appeal.

410.3 - Unsolicited/Voluntary Refund Accounts
(Rev. 35, 02-09-04)

All Medicare systems shall be able to separately distinguish and track unsolicited/voluntary refund checks which result from a 1) provider/physician/supplier and other entity under a CIA; 2) Provider/physician/supplier and other entity under the OIG Self-Disclosure Protocol; and 3) Straight Refund (a straight refund is a refund from a provider/physician/supplier, or other entity who is not under a CIA nor the OIG Self-Disclosure Protocol). All Medicare systems shall have the ability to identify and produce a report that distinguishes a refund as a CIA, OIG Self-Disclosure Protocol, or straight refund at the point of disposition (i.e., after investigation of the origin of the refund).

To assist in identifying providers/physicians/suppliers under a CIA, Medicare contractors shall access the OIG Web site (http://www.oig.hhs.gov/fraud/cias.html) for a list of all providers/physicians/suppliers, and other entities under a CIA.

Because OIG Self-Disclosure Protocol agreements are voluntary, contractors may not be aware of this agreement unless a provider/physician/suppliers or other entity specifically notifies them. There is no website provided by OIG to display OIG Self-Disclosure Protocol agreements.

The OIG will send a letter directing the provider/physician/supplier to refund money back to the Medicare contractor when the OIG has completed the Self-Disclosure matter and determined that an unsolicited/voluntary refund should be collected rather than a civil settlement pursued. The OIG will direct the provider/physician/supplier to identify that the refund check is the result of an OIG Self-Disclosure Protocol agreement. The OIG will also send a copy of the letter to the attention of the Chief Financial Officer for Medicare Operations at the Medicare contractor, and the provider/physician/supplier will have 30 days to refund the contractor. If the contractor does not receive the refund within 30 days, the contractor shall notify the Office of Counsel to the Inspector General (OCIG) attorney assigned to the OIG Self-Disclosure Protocol matter, as identified in the letter.

410.4 - Receiving and Processing Unsolicited/Voluntary Refund Checks When Identifying Information is Provided
(Rev. 35, 02-09-04)

The following instructions shall not supersede the present Program Integrity Manual (PIM) that references procedures for handling unsolicited refunds where there is a voluntary repayment and referral to law enforcement. The following procedures shall be followed when unsolicited/voluntary refund checks are received:

- Do not return any check submitted by a provider/physician/supplier and other entities that is made payable to the Medicare program.

- To ensure that repayment of Medicare funds is handled properly, Medicare contractors shall deposit such a check within 24 hours of receipt in accordance with Chapter 5, Financial Reporting Manual, section 100.3 and record the check in the account entitled "Other Liabilities – Unapplied Receipts" per Form CMS-750 instructions.

- If all checks are not deposited within the 24-hour period, contractors shall record those checks not deposited in the account entitled "Assets/Cash – Undeposited Collections" per Form CMS-750 instructions. Medicare contractors shall implement internal controls to ensure the safeguarding of these Medicare checks until deposit.

- If the specific Patient/Health Insurance Claim (HIC)/Claim Number information was provided, the contractor shall deposit the check and make the appropriate adjustments depending on the entity making the refund and the purpose of the refund, either to the claims and/or to the claim history file within 60 days from deposit of the check. For those contractors whose checks are received through a locked box, appropriate claims adjustments shall be updated within 60 days of receipt of the bank's notification of deposit.

- If the provider/physician/supplier, or other entity is not under a CIA or participating in the Self-Disclosure Protocol, contractors shall ensure that any MSN, or Remittance Advice, generated as the result of the claims adjustment contains appeals language, where appropriate.

- No appeal rights shall be afforded, as stated in Exhibit 1, if the provider/physician/supplier, or other entity 1) does not submit the specific Patient/HIC/Claim Number information, or 2) is under a CIA or participating in a Self-Disclosure Protocol agreement.

- The Medicare contractor shall establish an accounts receivable in the Medicare system that shall be recognized on line 2a, New Accounts Receivable on Form CMS-751 report within 60 days after the deposit of the voluntary refund. In addition, the Medicare contractor shall reduce the "Other Liabilities" account for the same amount, and shall apply the refund to the established accounts receivable and

recognize the collection on line 4a, Cash/Check Collections on Form CMS-751 report.

- *The accounts receivable shall be established using the last name of the debtor that issued the check or on whose behalf the check was issued, as well as the debtor's employer/tax identification number and/or provider or beneficiary number. If the debtor's employer/tax identification number or provider or beneficiary number is unavailable, then the first four letters of the debtor's name and last four digits of the bank account number on the check shall be used as identifying information for setting up the accounts receivable. All Medicare systems shall have the ability to manually complete this procedure.*

- *If the amount of the unsolicited/voluntary refund check exceeds the amount of the original claim, Medicare contractors shall check all categories of open account(s) receivable for that provider/physician/supplier or other entity including those established as a result of medical review, benefit integrity (BI) review, cost reports, other overpayment demands, and Medicare Secondary Payer (MSP) demands. If an outstanding receivable is identified, the contractor shall apply the amount of the unsolicited/voluntary refund to the outstanding receivable balance.*

- *If no other outstanding receivable exists for that provider/physician/supplier, or other entity, then the "Other Liabilities" account shall be reduced and an accounts receivable and collection due to a straight refund shall be established for the amount in excess.*

- *Medicare contractors shall not automatically refund excess recoupments to the provider/physician/supplier, or other entity. Contractors shall only refund excess recoupments when 1) a formal request for refund is made by the debtor or a party authorized to act as an agent of the debtor, 2) no other outstanding accounts receivable exists, and 3) written documentation is submitted to support that Medicare clearly is not entitled to the money or was not the intended recipient of the refund check.*

- *The Medicare contractor shall be responsible for completing Exhibit 1 as appropriate and reporting it on Exhibit 2.*

- *Contractors are not required to report the established accounts receivable on the PSOR. (This requirement does not preclude the contractor from reporting the receivable on the PSOR for non-MSP, if current systems already do so. The contractor shall not report MSP accounts receivable on the PSOR.)*

410.5 - Handling Checks or Associated Correspondence with Conditional Endorsements
(Rev. 35, 02-09-04)

Conditional endorsements are statements on the face of the check or associated correspondence, which might suggest that the payer has discharged its obligation by writing "paid in full" or like phrases that the payer intends as satisfaction/ extinguishment of the debt. Guidelines from the General Accounting Office (GAO) state that agencies must be extremely careful to avoid an unintended accord and satisfaction (i.e., an agreement to accept a payment in full for an amount less than the amount claimed).

The following instruction shall be applied to checks or associated correspondence with a conditional endorsement:

- *Medicare contractors shall deposit such a check within 24 hours of receipt in accordance with CMS's Medicare Financial Management Manual, Chapter 5 Financial Reporting, section 100.3 and record the check in the account entitled "Other Liabilities – Unapplied Receipts" per Form CMS-750 instructions found in Chapter 5, Financial Reporting, Section 210.*

- *If any checks are not deposited within a 24-hour period, contractors shall record those checks in the account entitled "Assets/Cash – Undeposited Collections" per Form CMS-750 instructions found in Chapter 5, Financial Reporting, section 210. Medicare contractors shall implement internal controls to ensure the safeguarding of these Medicare checks until deposit.*

- *Contractors shall immediately notify the debtor and/or the entity on whose account the check is drawn, if not the debtor, by certified mail. The following statement is suggested: **This is to acknowledge the receipt of the repayment in the amount of $XX, check number XX. The matter is being researched; however, the amount of the repayment may be insufficient to discharge the obligation and the debt may not be fully extinguished.***

  The infrequent receipt of checks with conditional endorsements should not negatively impact your production process. The standard letter needed to meet this requirement shall be added to your automated letter processing or generated from a personal computer.

410.6 - Receiving and Processing Unsolicited/Voluntary Refund Checks When Identifying Information is not Provided
(Rev. 35, 02-09-04)

After depositing unsolicited/voluntary refund checks in accordance with section 410.4 above, Medicare contractors shall do the following:

<u>For Non-MSP Checks</u>

- *If no specific Patient/Health Insurance Claim (HIC)/Claim Number information was provided with the unsolicited/voluntary refund, the contractor shall contact the provider/physician/supplier, or other entity sending the refund check for further information. Exhibit 1 (overpayment refund) contains the minimum claim specific data necessary to process the refund. The contractor shall use this form during phone inquiry or attach it to a letter to the provider/physician/supplier requesting further information regarding the submitted refund.*

- *When there is no identifying information provided, the contractor shall perform the research necessary to obtain the minimum data required to meet the reporting requirements in Exhibit 2 (Summary Report). If the information is being collected via a telephone inquiry, the contractor employee conducting the inquiry shall inform the provider/physician/supplier, or other entity verbally that **if the specific Patient/HIC/Claim # information is not provided, no appeal rights can be afforded.***

  The minimum reporting data shall include:

    1. *Provider/physician/supplier, or other entity's name, number, and Tax ID number.*

    2. *Identification of whether the provider/physician/supplier, or other entity has a CIA with the OIG or are under the OIG Self-Disclosure Protocol; and whether it is a straight refund (i.e., a provider not under a CIA or OIG Self-Disclosure Protocol).*

    3. *The reason(s) for each refund.*

    4. *The total number of refund checks.*

    5. *The total dollar amount of refunds.*

- *Medicare contractors shall have 60 days from deposit of the check to obtain the minimum claim specific data required to apply the check. The contractor shall take at least one documented follow-up action during the 60-day period to obtain the data.*

- *If the minimum claim specific data required to apply the refund **is obtained** from the provider/physician/supplier, or other entity within 60 days from deposit of check, the contractor shall make appropriate adjustments to the identified claims and/or the claim history file for the amount of the refund. The contractor shall establish an account(s) receivable and apply the balance of the check to the account(s) receivable from the "Other Liabilities" account within 60 days after the deposit of the voluntary refund. The contractor shall ensure that any Remittance Advice or MSN generated as a result of the claim adjustment contains the appropriate appeals language.*

- *If the minimum claim specific data required to apply the refund **is not obtained** from the provider/physician/supplier, or other entity within 60 days from deposit of check, the "Other Liabilities" account shall be reduced and an accounts receivable due to a straight refund shall be established for the amount of the unapplied unsolicited/voluntary refund. All Medicare systems shall allow contractors the ability to set up accounts receivable using either the provider/physician/supplier, or other entity or beneficiary number.*

- *In both instances, the Medicare contractor shall establish an accounts receivable in the Medicare system that shall be recognized on line 2a, New Accounts Receivable on Form CMS-751 report within 60 days after the deposit of the voluntary refund. In addition, the Medicare contractor shall perform a simultaneous transaction to apply the refund to the established accounts receivable and recognize the collection on line 4a, Cash/Check Collections on Form CMS-751 report.*

- *The accounts receivable shall be established using the last name of the debtor identified on the check, as well as the debtor's employer/tax identification number and/or provider or beneficiary number. If the debtor's employer/tax identification number or provider or beneficiary number is unavailable, then the first four letters of the debtor's name and last four digits of the bank account number on the check shall be used as identifying information for setting up the accounts receivable. All Medicare systems shall have the ability to manually complete this procedure.*

- *If the amount of the unsolicited/voluntary refund check exceeds the amount of the original claim, Medicare contractors shall check all categories of open account(s) receivable for that provider/physician/supplier including those established as a result of medical review, benefit integrity (BI) review, cost reports, other overpayment demands, and Medicare Secondary Payer (MSP) demands. If an outstanding receivable is identified, the contractor shall apply the amount of the unsolicited/voluntary refund to the outstanding receivable balance.*

- *If no other outstanding receivable exists for that provider/physician/supplier, or other entity, then the "Other Liabilities" account shall be reduced and an accounts receivable and collection due to a straight refund shall be established for the amount in excess.*

- *Medicare contractors shall not automatically refund excess recoupments to the provider/physician/supplier, or other entity. Contractors shall only refund excess recoupments when 1) a formal request for refund is made, 2) no other outstanding accounts receivable exists, and 3) written documentation is submitted to support that Medicare clearly is not entitled to the money or was not the intended recipient of the refund check.*

- *The Medicare contractor shall be responsible for ensuring the completion of Exhibit 1 and reporting it on Exhibit 2 upon final disposition of the unsolicited/voluntary refund (i.e., after investigation of the origin of the refund).*

- *Contractors are not required to report the established accounts receivable on the PSOR. (This requirement does not preclude the contractor from reporting the receivable on the PSOR if current systems already do so.)*

For MSP Checks

- *The Medicare contractor shall determine if there is an existing case and/or accounts receivable. If this is an existing case and/or accounts receivable, the contractor shall follow normal recovery procedures. If there is no case and/or accounts receivable, and there is indication of MSP involvement, the contractor shall send an MSP inquiry via the Electronic Correspondence Referral System (ECRS) to the MSP Coordination of Benefits Contractor (COBC) within the existing standard of 5 business days. **When referring information to the COBC for MSP investigation, the contractor shall forward all pertinent data. All fields on the ECRS Inquiry screen shall be completed if the data is available on the returned check or any accompanying correspondence. Information in the informant fields such as telephone numbers, point of contact, etc. are critical to COBC development efforts.***

- *Medicare contractors shall only allow 60 days from deposit of the check for a response to the ECRS inquiry before taking action with respect to the "unapplied receipts." The contractor shall take at least one documented follow-up action (telephone call) during the 60-day period to obtain a status of the inquiry. This time period will also allow for the COBC to develop the case. If additional information is obtained after the initial inquiry that would help facilitate the processing and research of information, the COBC Consortia Representative shall be contacted and provided the additional information, via fax or telephone, to assist in completing the research. The contractor shall not send a second ECRS inquiry.*

- *If the minimum reporting information from the MSP COBC **is provided** within 60 days from deposit of check, the contractor shall make appropriate adjustments, depending on the entity making the refund and the purpose of the refund, to either the identified claims and/or the claim history file for the amount of the refund. The Medicare contractor shall establish an account(s) receivable and apply the balance of the check to the account(s) receivable from the "Other Liabilities" account.*

- *If, within 60 days from deposit of check, 1) the minimum reporting information **is not provided,** 2) a response has not been received from the MSP COBC, or 3) a response from the COBC indicates the refund is not an MSP issue (i.e., Medicare is primary), Medicare contractors shall establish an accounts receivable and apply the balance of the check to the account(s) receivable from the "Other Liabilities" account. The contractor shall report the refund in Exhibit 2 (Unsolicited/Voluntary Refund - Summary Report), and annotate with #16 reason code, as received with no reason for refund.*

- *The Medicare contractor shall establish an accounts receivable in the Medicare system and that shall be recognized on line 2a, New Accounts Receivable on Form CMS-M751 report within 60 days after the deposit of the voluntary refund. In addition, the Medicare contractor shall perform a simultaneous transaction to apply the refund to the established accounts receivable and recognize the collection on line 4a, Cash/Check Collections on Form CMS-M751 report. The contractor shall initiate normal MSP recovery action for any remaining outstanding balance owed.*

- *The accounts receivable shall be established using the last name of the debtor that issued the check or on whose behalf the check was issued, as well as the debtor's employer/tax identification number and/or provider or beneficiary number. If the debtor's employer/tax identification number or provider or beneficiary number is unavailable, then the first four letters of the debtor's name and last four digits of the bank account number on the check shall be used as identifying information for setting up the accounts receivable. All Medicare systems shall have the ability to manually complete this procedure.*

- *If the amount of the unsolicited/voluntary refund check exceeds the amount of the original claim, Medicare contractors shall check all categories of open account(s) receivable for that provider/physician/supplier or other entity including those established as a result of medical review, benefit integrity (BI) review, cost reports, other overpayment demands. If an outstanding receivable is identified, the contractor shall apply the amount of the unsolicited/voluntary refund to the outstanding receivable balance.*

- *If no other outstanding receivable exists for that provider/physician/supplier, or other entity, then the "Other Liabilities" account shall be reduced and an accounts receivable and collection due to a straight refund shall be established for the amount in excess.*

- *Medicare contractors shall not automatically refund excess recoupments to the provider/physician/supplier, or other entity. Contractors shall only refund excess recoupments when 1) a formal request for refund is made by the debtor or party authorized to act as the agent of the debtor, 2) no other outstanding accounts receivable exists, and 3) written documentation is submitted to support that Medicare clearly is not entitled to the money or was not the intended recipient of the refund check.*

- *The Medicare contractor shall be responsible for ensuring the completion of Exhibit 1 and reporting it on Exhibit 2 upon final disposition of the unsolicited/voluntary refund (i.e., after investigation of the origin of the refund).*

- *Contractors shall not report the MSP accounts receivable on the PSOR.*

410.7 - CMS Reporting Requirements
(Rev. 35, 02-09-04)

CMS shall require that all intermediaries and carriers report, in the provided Exhibit 2 format, the receipt of all unsolicited/voluntary refund checks from providers/physicians/suppliers, and other entities. The reports shall be due quarterly and shall be sent to the regional office (RO), BI Coordinator, by the 15th day of the following month (January 15, April 15, July 15, and October 15). All intermediaries and carriers shall be required to submit a "negative" report even if they have $0 dollar reporting. The RO will compile a list of all intermediaries and carriers that are required to submit a quarterly report and identify those that are not in compliance. The RO will contact those not in compliance and request the submission of the reports. On the last day of each quarter (i.e., January 31, April 30, July 31 and October 31) the RO will send the compiled list of intermediaries and carriers, with copies of all submitted reports to CMS Central office, Director, Division of Benefit Integrity and Law Enforcement Liaison, Mail Stop C3-02-16, 7500 Security Boulevard, Baltimore, Maryland 21244.

410.8 - Exhibit 1 - Overpayment Refund
(Rev. 35, 02-09-04)

Exhibit 1 displays the required information needed to research and document unsolicited/voluntary refunds received. Medicare contractors shall maintain files that include copies of all unsolicited/voluntary refunds received and the completed report, Exhibit 1. These documents shall serve as a tracking mechanism for audit trail purposes.

410.9 - Exhibit 2 - Unsolicited/Voluntary Refund Checks – Summary Report
(Rev. 35, 02-09-04)

Exhibit 2 displays reporting requirements for all CMS unsolicited/voluntary refund checks. The contractor shall report all unsolicited/voluntary refunds from providers/physicians/suppliers, and other entities identified on the OIG website, in addition to those that identify themselves as having a CIA, OIG Self-Disclosure Protocol, and/or straight refund. To identify these providers/physicians/suppliers, and other entities, the contractor shall use the copy of the letter received from the OIG requesting a refund from the provider/physician/supplier, or other entity within 30 days. The following data shall be captured: the provider/physician/supplier, or other entity's name(s), provider number(s) Tax ID(s), reason code for refund, number of refund checks, and the total dollar amount of refund checks. Reason code #16 shall be used to identify that no reason was provided for the refund.

410.10 – Education
(Rev. 35, 02-09-04)

On an annual basis, the contractor shall include in the newsletter/bulletin the following information: "The acceptance of a voluntary refund as repayment for the claims specified in no way affects or limits the rights of the Federal Government, or any of its agencies or agents, to pursue any appropriate criminal, civil, or administrative remedies arising from or relating to these or any other claims."

Attachments

EXHIBIT 1 - OVERPAYMENT REFUND

SHALL BE COMPLETED BY MEDICARE CONTRACTOR

Date: _____

Contractor Deposit Control # _____ Date of Deposit: _____
Contractor Contact Name: _____ Phone #: _____
Contractor Address: _____
Contractor Fax: _____

_____

SHALL BE COMPLETED BY PROVIDER/PHYSICIAN/SUPPLIER, OR OTHER ENTITY

Please complete and forward to your Medicare contractor. This form, or a similar document containing the following information, should accompany every unsolicited/voluntary refund so that receipt of check is properly recorded and applied.

PROVIDER/PHYSICIAN/SUPPLIER OR OTHER ENTITY NAME: _____
ADDRESS: _____
PROVIDER/PHYSICIAN/SUPPLIER #: _____ TAX ID #: _____
CONTACT PERSON: _____ PHONE #: _____
AMOUNT OF CHECK $: _____ CHECK #: _____ CHECK DATE: _____

REFUND INFORMATION

For each claim, provide the following:
Patient Name: _____ HIC #: _____
Medicare Claim Number: _____ Claim Amount Refunded $: _____
Reason Code for Claim Adjustment: _____ (Select reason code from list below. Use one reason per claim.)

(Please list all claim numbers involved. Attach separate sheet, if necessary)
Note: If Specific Patient/HIC/Claim #/Claim Amount data not available for all claims due to Statistical Sampling, please indicate methodology and formula used to determine amount and reason for overpayment: _____

NOTE: If specific patient/HIC/Claim # information is not provided, no appeal rights can be afforded with respect to this refund. Providers/physicians/suppliers, and other entities who are submitting a refund under the OIG's Self-Disclosure Protocol or who are under a CIA are not afforded appeal rights as stated in the signed agreement presented by the OIG.

For Institutional Facilities Only:
Cost Report Year (s) _____
(If multiple cost report years are involved, provide a breakdown by amount and corresponding cost report year.)

For OIG Reporting Requirements:
Do you have a Corporate Integrity Agreement with OIG? ___ Yes ___ No
Are you a participant in the OIG Self-Disclosure Protocol? ___ Yes ___No

_____

EXHIBIT 1 - OVERPAYMENT REFUND (Cont.)

Reason Codes:

Billing/Clerical: *MSP/Other Payer Involvement:*   *Miscellaneous:*

01 – Corrected Date of Service   *07 – MSP Group Health Plan Insurance*   *12 – Insufficient Doc*
02 – Duplicate   *08 – MSP No Fault Insurance*   *13 – Patient Enroll HMO*
03 – Corrected CPT Code   *09 – MSP Liability Insurance*   *14 – Svcs Not Rendered*
04 – Not Our Patient(s)   *10 – MSP, Workers Comp.*   *15 – Medical Necessity*
05 – Mod. Add/Remove (Incl Black Lung)   *16 – Other-Please Specify*
06 – Billed in Error   *11 – Veterans Administration*   _____

EXHIBIT 2 - VOLUNTARY REFUND CHECKS
Summary Report

CONTRACTOR'S NAME _____
CONTRACTOR'S NUMBER(S): _____

REPORTING PERIOD   *FROM* _____ *TO* _____
DATE OF REPORT   _____

(1) PROVIDER/ PHYSICIAN/ SUPPLIER, OR OTHER ENTITY NAME(S)	(2) PROVIDER/ PHYSICIAN/ SUPPLIER NUMBER(S)	(3) TAX ID NUMBER(S)	(4) REASON CODES*	(5) PROVIDERS/PHYSICIANS/SUPPLIERS, AND OTHER ENTITIES UNDER A CIA, OIG SELF-DISCLOSURE OR STRAIGHT REFUNDS (Choose either A, B, or C from description below	(6) TOTAL NUMBER OF REFUND CHECKS	(7) TOTAL AMOUNT OF REFUNDS
						TOTAL $

*These codes are found on Exhibit 1

A – Providers/Physicians/Suppliers and Other Entities under a **CIA**
B – Providers/Physicians/Suppliers and Other Entities under **OIG Self-Disclosure Protocol**
C – **Straight Refunds**

THIS REPORT SHALL BE USED TO REPORT ALL UNSOLICITED/VOLUNTARY REFUND CHECKS RECEIVED DURING THIS PERIOD. INCLUDE THOSE REPORTED ON EXHIBIT 1 FOR CIA AND OIG SELF-DISCLOSURE PROTOCOL PROVIDERS/PHYSICIANS/SUPPLIERS, AND OTHER ENTITIES.