

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 367	Date: AUGUST 15, 2008
	Change Request 6125

SUBJECT: Reporting Withholding Due to IRS Federal Payment Levy Program (FPLP) on the Remittance Advice

I. SUMMARY OF CHANGES: The purpose of this CR is to instruct the HIGLAS contractors and Shared System Maintainers to make necessary programming changes to notify the payee that a debt subject to FPLP is owed; an amount was withheld from their payment; and to instruct the payee to contact the IRS/Treasury regarding questions associated with the reduction. Due to current privacy rules and regulations, only the IRS/Treasury may discuss the tax debt issue with the payee.

New / Revised Material

Effective Date: October 1, 2008

Implementation Date: October 6, 2008

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/revised 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

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

III. FUNDING:

SECTION A: For Fiscal Intermediaries and Carriers:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

SECTION B: 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.

IV. ATTACHMENTS:

One-Time Notification

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

Attachment – One-Time Notification

Pub. 100-20	Transmittal: 367	Date: August 15, 2008	Change Request: 6125
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SUBJECT: Reporting Withholding Due to IRS Federal Payment Levy Program (FPLP) on the Remittance Advice

Effective Date: October 1, 2008

Implementation Date: October 6, 2008

I. GENERAL INFORMATION

A. Background: Federal Payment Levy Program

In July 2000, the Internal Revenue Service (IRS), in conjunction with the Department of the Treasury, Financial Management Service (FMS), started the Federal Payment Levy Program (FPLP) which is authorized by Internal Revenue Code Section 6331 (h), as prescribed by the Taxpayer Relief Act of 1997, Section 1024. Through this program, authority is provided to 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 may reduce federal payments subject to the levy by 15 percent, or the exact amount of the tax owed if it is less than 15 percent of the payment. The levy is continuous until the overdue taxes are paid in full, or other arrangements are made to satisfy the debt. Each time a federal payment is levied, CMS will notify the payee in the Remittance Advice which federal payment was levied, the amount withheld, and the toll free IRS/Treasury telephone number the payee should contact for resolution. If the amount of the withholding through FPLP exceeds the total debt owed by the payee, the IRS/Treasury is responsible for refunding the overpayment to the payee.

These business requirements only apply to HIGLAS contractors. HIGLAS, specifically the Oracle Financials component, will deduct the monies for the FPLP offset and send an 835 to the contractor data center, where the Remittance Advice is generated. The Flat Files and the Companion Documents will be updated and posted before this CR is implemented.

The purpose of this CR is to instruct the HIGLAS contractors and Shared System Maintainers to make necessary programming changes to notify the payee that a debt subject to FPLP is owed; an amount was withheld from their payment; and to instruct the payee to contact the IRS/Treasury regarding questions associated with the reduction. Due to current privacy rules and regulations, only the IRS/Treasury may discuss the tax debt issue with the payee.

B. Policy: The FPLP is authorized under IRS code section 6331(h) as prescribed by the Taxpayer Relief Act of 1997, Section 1024. Through this program, authority is provided to CMS to collect overdue taxes through a continuous levy on certain federal payments; this includes federal payments made to providers, contractors and vendors doing business with the government.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D M E M A C	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
6125.1	HIGLAS, FISS, and MCS shall make the necessary changes to their respective current systems to insert the PLB Reason code "WU" to indicate withholding due to FPLP in the data field PLB03-1 in the HIGLAS and the HIPAA 835 respectively.						X	X			X
6125.2	HIGLAS, FISS, and MCS shall make the necessary changes to their respective current systems to insert the amount of withholding as sent by HIGLAS in the data field PLB04 in the HIGLAS and the HIPAA 835 respectively. NOTE: FISS and MCS do not have to calculate or verify the 15% withholding amount sent by HIGLAS.						X	X			X
6125.3	HIGLAS, FISS, and MCS shall make the necessary changes to their respective current systems to insert the 10 digit IRS toll free telephone number 800-829-3903 in the data field PLB03-2 (position 19-30) in the HIGLAS 835.						X	X			X
6125.4	FISS and MCS shall make the necessary changes to their respective current systems to insert the 10 digit IRS toll free telephone number 800-829-3903 in the data field PLB03-2 (position 3-19) in the HIPAA 835 respectively.						X	X			
6125.5	FISS and MCS shall populate the PLB data elements as mentioned in business requirements 6125.1, 6125.2, and 6125.4 on both the standard electronic and paper remittance advice.						X	X			
6125.6	FISS shall make necessary changes in the 004010A1 835 Flat File, PLB segment (Record Sixty) all data elements for the adjustment identifier field to accommodate the Treasury phone number.						X				
6125.7	FISS and VMS shall update PC Print and Medicare Remit Easy Print (MREP) software to reflect the changes in business requirements 6125.1, 6125.2, 6125.4, and 6125.5.						X		X		
6125.8	Contractors using HIGLAS shall ensure that the 835 and the standard paper remittance advice are coded in compliance with business requirements 6125.1, 6125.2, 6125.4, and 6125.5.	X		X	X						
6125.9	The contractors using HIGLAS shall make the necessary changes in order to transmit the withheld amount to FMS (Treasury) through EFT for every payment cycle; additionally, contractors shall note that:	X		X	X						

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D M E M A C	F I	C A R R I E R	R H I G L A S	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
	<ul style="list-style-type: none"> EFT payment pre-notification is not required; Schedule ID will be included with the EFT payment; PLB code M4 shall indicate payment to Treasury; PB shall indicate third party payment; NTD is the Payee ID; Remittance Advice is not necessary for the Treasury. 										
6125.10	FISS and MCS shall program edits into the shared systems to include the routing/transit number and bank account number.						X	X			X
6125.11	The contractors using HIGLAS shall validate that the routing transit number and bank account numbers are correct.	X		X	X						
6125.12	The FIs and A/B MACs shall make the necessary changes in their translators to accommodate the changes made by FISS associated with requirement 6125.6. NOTE: a copy of Record Sixty is attached.	X		X							
6125.13	The shared systems shall make the necessary changes to the current systems to accept a manual payment for Treasury as a Third Party Payer (TPP) on the HIGLAS 835 file.						X	X			X
6125.13.1	The HIGLAS 835 file shall contain NTD for the Treasury TPP in the payee ID field; the payee code shall be PB; and the payment type shall be ACH.						X	X			X
6125.13.2	The HIGLAS 835 file shall contain a PLB code of M4 for the Treasury payment with the schedule ID in positions 6-14 of the invoice number on the PLB segment.						X	X			X
6125.14	The shared systems shall generate an EFT payment for the Treasury manual payment.						X	X			X
6125.14.1	The Treasury TPP payee ID from the HIGLAS 835 file shall be mapped to the EFT individual ID number.						X	X			X
6125.14.2	The schedule ID from the HIGLAS 835 PLB segment shall be mapped to the EFT Addenda record.						X	X			X
6125.15	The shared systems shall validate the Treasury bank account number, bank routing number, and the transit number.						X	X			X
6125.15.1	The shared systems shall reject the Treasury manual payment if the bank account number on the HIGLAS 835						X	X			X

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D M E M A C	F I	C A R R I E R	R H H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
	does not match the shared systems Treasury bank account number.										
6125.15.2	The shared systems shall reject the Treasury manual payment if the bank routing number on the HIGLAS 835 does not match the shared systems Treasury bank routing number.						X	X		X	

III. PROVIDER EDUCATION TABLE

6125.16	A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLN MattersArticles/ 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 site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your 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						
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IV. SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below:

Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: For all other recommendations and supporting information, use this space:

V. CONTACTS

Pre-Implementation Contact(s): Edward.L.Berends@cms.hhs.gov

Post-Implementation Contact(s): Ed Berends (410)786-6560

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs)*, *Carriers*, and *Regional Home Health Carriers (RHHIs)* use only one of the following statements:

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

Section B: *For Medicare Administrative Contractors (MACs), use the following statement:*

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.

Attachment: 4010 835 Flat File-Record 60

RECORD SIXTY

4010 835 Flat File

Record 60

Note: Repeat Greater than One

FIELD NO.FIELD NAME

PIC

L/R

FROM TO

LOOP ID

SEGMENTELEMEN

T

RQMT

COMMENTS

FIELD NO.	FIELD NAME	PIC	L/R	FROM	TO	LOOP ID	SEGMENTELEMEN	T	RQMT	COMMENTS
1	INTERMEDIARY NUMBER	X10	L	1	10					
2	PAYEE CHAIN ID NUMBER	X15	L	11	25					
3	PAYEE NUMBER/NPI	X15	L	26	40	Summary	PLB	01	M	Pg. 165
4	FISCAL PERIOD END (CCYYMMD)	9(8)	R	41	48	Summary	PLB	02	M	Pg. 165
5	FACILITY TYPE CODE (TT)	X2	L	49	50					
6	PATIENT LAST NAME	X25	L	51	75					
7	INTERNAL CONTROL NUMBER	X30	L	76	105					
8	REMITTANCE ADVICE INDICATOR	X1	L	106	106					This indicator will be set based in information in the financial master file per provider.
9	FILLER	X11	L	107	117					
10	LINE SEQUENCE NUMBER	X3	L	118	120					
11	RECORD TYPE	X2	L	121	122					
12	CLAIM SEQUENCE NUMBER	X3	L	123	125					
13	PAYEE ADJ REASON CODE - 1	X2	L	126	127	Summary	PLB	03-1	M	Pg. 165 - 170
14	PAYEE ADJ IDENTIFIER CD - 1	X15	L	128	142	Summary	PLB	03-2	S	Pg. 165 - 170
15	PAYEE ADJ AMOUNT - 1	S9(9)V99	R	143	153	Summary	PLB	4	M	Pg. 170
16	PAYEE ADJ REASON CODE - 2	X2	L	154	155	Summary	PLB	05-1	S	Pg. 170
17	PAYEE ADJ IDENTIFIER CD - 2	X15	L	156	170	Summary	PLB	05-2	S	Pg. 170
18	PAYEE ADJ AMOUNT - 2	S9(9)V99	R	171	181	Summary	PLB	06	S	Pg. 170
19	PAYEE ADJ REASON CODE - 3	X2	L	182	183	Summary	PLB	07-1	S	Pg. 171
20	PAYEE ADJ IDENTIFIER CD - 3	X15	L	184	198	Summary	PLB	07-2	S	Pg. 171
21	PAYEE ADJ AMOUNT - 3	S9(9)V99	R	199	209	Summary	PLB	08	S	Pg. 171
22	PAYEE ADJ REASON CODE - 4	X2	L	210	211	Summary	PLB	09-1	S	Pg. 171
23	PAYEE ADJ IDENTIFIER CD - 4	X15	L	212	226	Summary	PLB	09-2	S	Pg. 171
24	PAYEE ADJ AMOUNT - 4	S9(9)V99	R	227	237	Summary	PLB	10	S	Pg. 171
25	PAYEE ADJ REASON CODE - 5	X2	L	238	239	Summary	PLB	11-1	S	Pg. 171
26	PAYEE ADJ IDENTIFIER CD - 5	X15	L	240	254	Summary	PLB	11-2	S	Pg. 172
27	PAYEE ADJ AMOUNT - 5	S9(9)V99	R	255	265	Summary	PLB	12	S	Pg. 172
28	PAYEE ADJ REASON CODE - 6	X2	L	266	267	Summary	PLB	13-1	S	Pg. 172
29	PAYEE ADJ IDENTIFIER CD - 6	X15	L	268	282	Summary	PLB	13-2	S	Pg. 172
30	PAYEE ADJ AMOUNT - 6	S9(9)V99	R	283	293	Summary	PLB	14	S	Pg. 172
31	Claims A/R Adjustment for Balancing	S9(9)V99	R	294	304					Used for Standard Paper Remittance
32	FILLER	X96	L	305	400					