

Program Memorandum Intermediaries/Carriers

Department of Health and
Human Services (DHHS)
HEALTH CARE FINANCING
ADMINISTRATION (HCFA)

Transmittal AB-01-15

Date: JANUARY 29, 2001

This Program Memorandum re-issues Program Memorandum AB-00-16, Change Request 1062 dated March 2000. The only change is the discard date and contact person; all other material remains the same.

CHANGE REQUEST 1062

SUBJECT: Instructions to All Medicare Contractors for Reporting Audited Year 2000 Costs on the Final Administrative Costs Proposals

INTRODUCTION

In fiscal year 1998, the Health Care Financing Administration (HCFA) provided over \$100 million to its Medicare contractors for Year 2000 (Y2K) remediation of contractor computer systems and other related activities. To assure the appropriate reporting and validation of its Y2K costs, HCFA requested the Office of Inspector General (OIG) to conduct an audit of all Medicare contractors' Y2K expenditures.

FINANCIAL REPORTING

HCFA has received several inquiries pertaining to how contractors are to report audited Y2K costs on the Final Administrative Costs Proposal (FACP). In answer to these inquiries HCFA is providing the following instructions:

If the Medicare contractor concurs with the audit recommendations, the contractor will adjust its FACP for Y2K costs in accordance with the findings contained in the OIG's report.

If the Medicare contractor does not concur with the audit recommendations, the contractor will continue to allocate Y2K costs in accordance with the budgetary guidelines released by HCFA. In the remark's section of the FACP, the contractor will include a description of its actions regarding the Y2K audit adjustments. Once a risk assessment or an audit of all contractors' total expenditures has been completed, HCFA will make a final determination on all disputed Y2K costs. Any resulting adjustments will be reflected in the closing agreement related to the FACP.

Any questions pertaining to this guidance should be directed to the regional office.

The *effective date* for this Program Memorandum (PM) is 02/01/00.

The *implementation date* for this PM is 02/01/00.

These instructions should be implemented within your current operating budget.

This PM may be discarded after 02/01/02.

If you have any questions, contact Karen Claggett (410) 786-7536.