

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-06 Medicare Financial Management	Centers for Medicare & Medicaid Services (CMS)
Transmittal 111	Date: OCTOBER 27, 2006
	Change Request 5397

SUBJECT: Status Codes for Financial Reporting of Debts Once the MMA Section 935 Appeal Process Has Been Completed

I. SUMMARY OF CHANGES: To add new status codes which map to a separate line for financial reporting of delinquent receivables.

New / Revised Material

Effective Date: April 1, 2007

Implementation Date: April 2, 2007

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-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
R	5/270/19 Line 4, Status of Delinquent Receivables greater than 180 Days (Principal & Interest)
R	5/400/3/ Exhibit 3 - Status of Accounts Receivable - HI
R	5/400/5/ Exhibit 5 - Status of Non-MSP Debt - CNC - HI

III. FUNDING:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2007 operating budgets.

IV. ATTACHMENTS:

**Business Requirements
Manual Instruction**

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

Attachment - Business Requirements

Pub. 100-06	Transmittal: 111	Date: October 27, 2006	Change Request: 5397
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SUBJECT: Status Codes for Financial Reporting of Debts Once the MMA Section 935 Appeal Process Has Been Completed

Effective Date: April 1, 2007

Implementation Date: April 2, 2007

I. GENERAL INFORMATION

A. Background:

Pre-Medicare Modernization Act (MMA), Medicare contractors sent demand letters and internally offset debts under appeal. Section 1893 (f) (2) of the Social Security Act (added by section 935 of the MMA) changed how Medicare recoups certain overpayments once a valid appeal is received. As a result of section 1893 (f)(2), Medicare contractors are prohibited from recouping (internal offset) during the first two levels of the claims appeals process: the contractor redetermination and the Qualified Independent Contractor (QIC) reconsideration. However, the debt continues to age. Once both levels of appeal are completed and CMS prevails, collection activities, including demand letters and internal recoupment, may resume.

This CR does not provide instructions to implement the limitation on recoupment under section 1893 (f) (2).

B. Policy:

In order to allow sufficient time to recoup the debt and send follow-up and/or intent to refer letters, while still complying with the Debt Collection Improvement Act of 1996 (DCIA) and accurately reporting the status of delinquent debts, new status codes need to be developed. These status codes will identify the debt as having previously been under appeal, now being collected through internal recoupment, and excluded from cross-servicing because the agency believes these debts can be internally recouped within three years. With the addition of these new status codes, the agency's debt referral goal will not be adversely impacted by the delays in recoupment associated with the MMA Section 935 appeals process.

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 A C	F I R E R	C A R E R	D M R C	R H H I	Shared-System Maintainers				OTHER
							F I S	M C S	V M S	CWF		
5397.1	Contractors shall use a separate status code to identify and report debts that have been through the first two levels of the appeals process and are being demanded and	X	X	X	X	X	X	X	X	X		HIGLAS, CAFM

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B M A C	D M E M A C	F I M A C	C A R R I E R	D M R R I C	R M H H I	Shared-System Maintainers				OTHER
								F I S S	M C S	V M S	CMF	
	internally recouped.											
5397.2	Contractors shall use the separate status code to map to the CMS Form 751 as a separate line item, "In the Process of Internal Offset (Previously Under MMA Section 935 Appeal)"	X	X	X	X	X	X	X	X	X		CAFM
5397.3	Contractors shall continue to use the separate status code during the time the debt is being internally recouped and sending of follow-up demand letters, including the intent to refer letter, is resumed.	X	X	X	X	X	X	X	X	X		HIGLAS, CAFM
5397.4	Contractors should also be able to differentiate those debts subject to internal recoupment only from those debts where the demand letter process has resumed and the follow-up letter and/or the intent to refer letter has been sent, although this is not a separate requirement for financial reporting.	X	X	X	X	X	X	X	X	X		HIGLAS, CAFM
5397.5	For contractors who have transitioned to the Healthcare Integrated General Ledger Accounting System (HIGLAS), these status codes shall be mapped to a separate line of the Treasury Report on Receivables Due from the Public (TROR).											HIGLAS,
5397.6	Contractors shall report the outstanding balance of these debts on the appropriate Form CMS 751. For active debt, contractors shall use Form CMS H/M 751, Section B, line 4, (B) 12, "In the Process of Internal Offset (Previously Under MMA Section 935 Appeal)," or Section B, Line 3 (F) if the debt is less than 180 days delinquent.	X	X	X	X	X	X	X	X	X		CAFM
5397.7	Contractors shall use Forms CMS	X	X	X	X	X	X	X	X	X		CAFM

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	D M R E C	R M H R I	Shared-System Maintainers				OTHER	
								F I S S	M C S	V M S	CWF		
	C/MC 751 Section D, Line (B) 12, "In the Process of Internal Offset (Previously Under MMA Section 935 Appeal)," for debts already in CNC status,												
5397.8	Contractors who have transitioned to the HIGLAS shall report these debts in the TROR Part II, Section A, Line (1) "Delinquencies 1 – 180 Days," and Part II, Section A, Line (F), "In the Process of Internal Offset, (Previously Under MMA Section 935 Appeal) if they are less than 180 days delinquent.												HIGLAS,
5397.9	If these debts are delinquent 180 days or more, the contractors who are on HIGLAS shall report these debts in Part II, Section B, Line (1) (A) "Delinquent Debt Over 180 Days" for Active debt or Part II, Section B, Line (1), B, "Currently Not Collectible Debts" for CNC and Part II, Section B, Line (3) (E), "In the Process of Internal Offset (Previously Under MMA Section 935 Appeal)."												HIGLAS,

III. PROVIDER EDUCATION TABLE

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	D M R E C	R M H R I	Shared-System Maintainers				OTHER	
								F I S S	M C S	V M S	CWF		
	None.												

IV. SUPPORTING INFORMATION

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:
	N/A

B. For all other recommendations and supporting information, use the space below:

V. CONTACTS

Pre-Implementation Contact(s): D. Parzynski (Deborah.parzynski@cms.hhs.gov)

Post-Implementation Contact(s): D. Parzynski (Deborah.parzynski@cms.hhs.gov)

VI. FUNDING :

A. For TITLE XVIII Contractors, use only one of the following statements:

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.

B. For Medicare Administrative Contractors (MAC), use only one of the following statements:

The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). The contractor is not obligated to incur costs in excess of the amounts specified 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.

**270.19 - Line 4, Status of Delinquent Receivables, greater than 180 Days
(Principal & Interest)**

(Rev. 111; Issued: 10-27-06; Effective: 04-01-07; Implementation: 04-02-07)

The contractor enters the total number and amount of delinquent receivables 181 days delinquent and greater, which are in one of the following categories:

(a) Referred to the Department of the Treasury for Cross Servicing. For MSP, this means debts entered into the DCS. For Non-MSP, this means debts that have been transmitted to DCC by CMS Central Office and the Medicare contractor has acknowledged and verified the validity and accuracy of the debts transmitted.

(b) Not Eligible for Referral, the number and dollar amount is equal to the sum of lines (1) through (12) of this section.

- 1) Bankruptcy;
- 2) Appeal;
- 3) Department of Justice/Litigation;
- 4) Fraud and Abuse Investigation, if the contractor has received specific instructions from the investigating unit (i.e., Office of Inspector General or Office of General Counsel, etc.) not to attempt collection;
- 5) Deceased Debtor, debts where the debtor is deceased and the estate is closed;
- 6) Debts less than \$25;
- 7) Federal Entity Debts, MSP only, where the only entity which received the last demand letter is the employer and the employer is a Federal agency;
- 8) Beneficiary Debts, Non-MSP only;
- 9) Pending Request for Waiver or Compromise;
- 10) CMS Identified Exclusions, MSP only, debts where CMS has identified a specific debt or group of debtors as excluded from DCIA referral.
- 11) Other Exclusions, must footnote.
- 12) *In the Process of Internal Offset (Previously Under Medicare Modernization Act, Section 935 Appeal).*

(c) Eligible for Referral, debts that are eligible for referral to the Department of the Treasury for cross servicing but not yet referred.

400.3 - Exhibit 3 Status of Accounts Receivable – HI

(Rev. 111; Issued: 10-27-06; Effective: 04-01-07; Implementation: 04-02-07)

This exhibit is the same as Exhibit 4, Status of Accounts Receivable – SMI, with the following exceptions:

Section B, items 5d through 5g and Section D, items 5d and 5e refer to the POR for the HI report and refer to the POR/PSOR for the SMI report. Only intermediaries enter POR data on both the HI report and the SMI report. Only carriers enter the PSOR data on the SMI report.

CMS-751A is the CMS Form Number for the HI (Part A) report.

CMS-751B is the CMS Form Number for the SMI (Part B) report.

Exhibit 3 (Cont.)

Status of Accounts Receivable

Hospital Insurance (HI)

As of _____

Contractor Name _____

ID Number _____

Section A: Outstanding Receivables

	Principal Number	Principal Dollars	Interest Dollars	Interest Number
1. Beginning FY Balance	_____	_____	_____	_____
2a. New Receivables	_____	_____		
2b. Accrued Receivables	_____	_____		
3. Interest Earned			_____	_____
4a. Cash/Check Collections		_____	_____	
4b. Offset Collections		_____	_____	
4c. Collections Deposited at Another Location		_____	_____	
5a. Adjusted Amounts	_____			
Internal Adjustments		_____	_____	
Auditor/Consultant Adjustments		_____	_____	
5b. Transfers In from other Medicare Contractors		_____	_____	
5c. Transfers Out to other Medicare Contractors		_____	_____	
5d. Transfers In from other CMS Locations, POR/PSOR		_____	_____	
5e. Transfers Out to other CMS Locations, POR/PSOR		_____	_____	
5f. Transfers In from other CMS Locations, not POR/PSOR		_____	_____	
5g. Transfers Out to other CMS Locations, not POR/PSOR		_____	_____	
5h. Waivers		_____	_____	
6a. Amounts Written-off (Bad Debts)	_____	_____	_____	
6b. Transfers In from CNC	_____	_____	_____	
6c. Transfers Out to CNC	_____	_____	_____	
7. Ending Balance	_____	_____	_____	_____
a. Current		_____	_____	
b. Non-current		_____		
8. Allowance for Uncollectible Accounts		_____		
9. Total Receivables Net of Allowance		_____	_____	
10. Cash/Offsets received for Receivables at Another Location		_____	_____	

CMS-H751A

Exhibit 3 (Cont.)

Status of Accounts Receivable
 Hospital Insurance (HI)
 As of _____

Contractor Name

ID Number

Section B: Delinquent Receivables

	Principal Number	Principal Dollars	Interest Dollars	Interest Number
1. Total Not Delinquent	_____	_____	_____	_____
2. Total Delinquent	_____	_____	_____	_____
(a) 1 - 30 days		_____	_____	
(b) 31 - 60 days		_____	_____	
(c) 61 - 90 days		_____	_____	
(d) 91 - 180 days		_____	_____	
(e) 181 - 365 days		_____	_____	
(f) 1 - 2 years		_____	_____	
(g) 2 - 6 years		_____	_____	
(h) 6 - 10 years		_____	_____	
(i) Over 10 years		_____	_____	
3. Total Delinquent 1 - 180 days	_____	_____	_____	_____
(a) In Bankruptcy		_____	_____	
(b) In Appeal		_____	_____	
(c) At Department of Justice		_____	_____	
(d) Referred for Cross Servicing		_____	_____	
(e) Other Status		_____	_____	
(f) <i>In the Process of Internal Offset (Previously Under MMA Section 935 Appeal)</i>		_____	_____	
4. <i>Total Delinquent 181 days & over</i>	_____	_____	_____	_____
A) <i>Referred for Cross Servicing</i>		_____	_____	
B) <i>Not Eligible for Referral</i>		_____	_____	
1) <i>In Bankruptcy</i>		_____	_____	
2) <i>In Appeal</i>		_____	_____	
3) <i>At Department of Justice</i>		_____	_____	
4) <i>Fraud and Abuse Investigation</i>		_____	_____	
5) <i>Deceased Debtor and Estate Closed</i>		_____	_____	
6) <i>Debts Less than \$25</i>		_____	_____	
7) <i>Federal Entity Debts, MSP only, where the only entity which received the last demand letter is the employer and the employer is a Federal agency;</i>		_____	_____	

- | | | | |
|-----|--|--|--|
| 8) | <i>Beneficiary Debts, Non-MSP only;</i> | | |
| 9) | <i>Pending Request for Waiver or
Compromise</i> | | |
| 10) | <i>CMS Identified Exclusions, MSP only,
debts where CMS has identified a
specific debt or group of debtors as
excluded from DCIA referral.</i> | | |
| 11) | <i>Other Exclusions, must footnote.</i> | | |
| 12) | <i>In the Process of Internal Offset.
(Previously Under Medicare
Modernization Act (MMA) Section 935
Appeal)</i> | | |
| C) | <i>Eligible for Referral; debts that are
eligible for referral to the Department of
the Treasury for cross-servicing but not
yet referred.</i> | | |

Exhibit 3 (Cont.)

Status of Accounts Receivable
Hospital Insurance (HI)
As of _____

Contractor Name

ID Number

Section C: Other Collections

4c. Collections Deposited at another Location

Contractor/Region	Principal Dollars	Interest Dollars
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

10. Cash Offsets Received for Receivables at another Location

Contractor/Region	Principal Dollars	Interest Dollars
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Collections on Delinquent Debt _____

Section D: Transferred Receivables

5c. Transfers Out to other Medicare Contractors

Contractor Number	Principal Dollars	Interest Dollars
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

CMS-H751A

Exhibit 3 (Cont.)

Status of Accounts Receivable
Hospital Insurance (HI)
As of _____

Contractor Name		ID Number
5d. Transfers Out to other CMS Locations, POR		
1. Boston	_____	_____
2. New York	_____	_____
3. Philadelphia	_____	_____
4. Atlanta	_____	_____
5. Chicago	_____	_____
6. Dallas	_____	_____
7. Kansas City	_____	_____
8. Denver	_____	_____
9. San Francisco	_____	_____
10. Seattle	_____	_____
11. Central Office	_____	_____
5e. Transfers Out to other CMS Locations, Not on POR		
1. Boston	_____	_____
2. New York	_____	_____
3. Philadelphia	_____	_____
4. Atlanta	_____	_____
5. Chicago	_____	_____
6. Dallas	_____	_____
7. Kansas City	_____	_____
8. Denver	_____	_____
9. San Francisco	_____	_____
10. Seattle	_____	_____
11. Central Office	_____	_____

CMS-H751A

400.5 - Exhibit 5 - Status of Non-MSP Debt - CNC - HI

(Rev. 111; Issued: 10-27-06; Effective: 04-01-07; Implementation: 04-02-07)

The screen formats in exhibits 5 and 6 are identical except 5 is for HI non-MSP and 6 is for SMI non-MSP.

MSP debt is reported in exhibits 9 and 10.

Exhibit 5 (Cont.)

One of: Status of Non-MSP Debt - CNC; or Status of MSP Debt - CNC will be shown.
 One of: Hospital Insurance (HI); or Supplementary Medical Insurance (SMI) will be shown
 As of _____

Contractor Name

ID Number

Section A: CNC Debt

	Principal Number	Principal Dollars	Interest Dollars
1. Beginning FY Balance	_____	_____	_____
2. New CNC Debt	_____	_____	_____
3. Interest Earned Since CNC Approval			_____
4. Reclassified CNC Debt			
a. Re-established as Active A/R due to collection of cash	_____	_____	_____
b. Re-established as Active A/R due to collection by offset	_____	_____	_____
c. Re-established as Active A/R due to bankruptcy, fraud & abuse, litigation and appeal	_____	_____	_____
d. Written-off Closed	_____	_____	_____
e. Other	_____	_____	_____
5. Amounts Transferred			
a. Transfers In from Medicare Contractors	_____	_____	_____
b. Transfers Out to Medicare Contractors	_____	_____	_____
c. Transfers In from CMS RO	_____	_____	_____
d. Transfers Out to CMS RO	_____	_____	_____
e. Transfers In from CMS CO	_____	_____	_____
f. Transfers Out to CMS CO	_____	_____	_____
6. Ending Balance	_____	_____	_____

CMS-C751A

Exhibit 5 (Cont.)
 Status of Non-MSP Debt - CNC
 Hospital Insurance (HI)
 As of _____

Contractor Name

ID Number

Section B: Aging of CNC Debt (from the determination date)

1. Total CNC Debt	_____	_____	_____
(a) 181 - 1 year		_____	_____
(b) 1 - 2 years		_____	_____
(c) 2 - 6 years		_____	_____
(d) 6 - 10 years *		_____	_____
(e) Over 10 years *		_____	_____

* Provide an explanation why debts in these categories were not recommended for write-off closed

Section C: Collection Information

Collections on CNC Debt	_____	_____	_____
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Section D: Status CNC Debt over 181 Days

Total Delinquent

A) <i>Referred for Cross Servicing</i>	_____	_____
B) <i>Not Eligible for Referral</i>	_____	_____
1) <i>In Bankruptcy</i>	_____	_____
2) <i>In Appeal</i>	_____	_____
3) <i>At Department of Justice</i>	_____	_____
4) <i>Fraud and Abuse Investigation</i>	_____	_____
5) <i>Deceased Debtor and Estate Closed</i>	_____	_____
6) <i>Debts Less than \$25</i>	_____	_____
7) <i>Federal Entity Debts, MSP only, where the only entity which received the last demand letter is the employer and the employer is a Federal agency;</i>	_____	_____
8) <i>Beneficiary Debts, Non-MSP only;</i>	_____	_____
9) <i>Pending Request for Waiver or Compromise</i>	_____	_____
10) <i>CMS Identified Exclusions, MSP only, debts where CMS has identified a specific debt or group of debtors as excluded from DCIA referral.</i>	_____	_____
11) <i>Other Exclusions, must footnote.</i>	_____	_____

- 12) *In the Process of Internal Offset (Previously Under MMA, Section 935 Appeal)*
- C) *Eligible for Referral; debts that are eligible for referral to the Department of the Treasury for cross-servicing but not yet referred.*

_____	_____
_____	_____

CMS-C751A