

CMS Manual System

Department of Health &
Human Services (DHHS)

Pub 100-06 Medicare Financial
Management

Centers for Medicare &
Medicaid Services (CMS)

Transmittal 128

Date: JULY 13, 2007

Change Request 5682

SUBJECT: Revisions to Instructions On Chapter 1-Budget Preparation-
Intermediaries and Carriers
and Chapter 2-Budget Execution of the Medicare Financial Management (Pub.100-06)

I. SUMMARY OF CHANGES: Sections 260, 290, 320, 340, 360 of the Medicare
Financial Management
Manual (Pub.100-6), Chapter 1(Budget Preparation-Intermediaries and Carriers)
are being deleted in its
entirety.

Several Sections of the Medicare Financial Management Manual (Pub.100-6),
Chapter 2 (Budget Execution)
are being revised.

A change in the methodology utilized to analyze the variance between contractor
incurred versus budgeted
costs eliminates any further need for the current Budget Distribution Reports.

Section 130.1 of the Medicare Financial Management Manual (Pub.100-6), Chapter 2
(Budget Execution) is
being revised to specify to the contractors not to use overnight delivery when
sending the signed hard copy

to Central Office.

NEW / REVISED MATERIAL

EFFECTIVE DATE: *October 1, 2006

IMPLEMENTATION DATE: August 13, 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

1/60/List of Acronyms

D

1/260/Exhibit of Budget Distribution Form

D

1/260.1/Completing the Budget Distribution (BD)

R

1/270/Budget Preparation Check List for Program Management and Medicare Integrity Program

D

1/290/Instructions for Completing the Contractor Auditing and Settlement Report

D

1/290.1/Transmittal

D

1/290.2/Explanation of Line Items on Form CMS-1525A

D

1/320/Exhibit of Provider Reimbursement Profile-Form CMS-1531

D

1/330/Provider Reimbursement Profile (RPR)

D

1/330.1/Introduction

D

1/330.2/General Instructions

D

1/330.3/Completing the Provider Reimbursement Form

D

1/340/Exhibit of Schedule of Providers Serviced

R

1/350/Instructions for Using the System for Tracking Audit and Reimbursement (STAR)

D

1/360/Instructions for Using the Contractors Auditing and Settlement (CASR) Subsystem

R

2/30.1/Servicing Contractor

R

2/60.1/Transmittal and Due Dates

R

2/70/Exhibit of Variances Analysis

R

2/80/Variance Analysis

R

2/80/1/Transmittal and Due Dates

R

2/130/1/Transmittal and Due Date

R

2/180/Budget Execution Checklist for Program Management and Medicare Integrity Program

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: 128

Date: July 13, 2007

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Intermediaries And Carriers
and Chapter 2-Budget Execution Of The Medicare Financial Management (Pub.100-06)

EFFECTIVE DATE: October 1, 2006

IMPLEMENTATION DATE: August 13, 2007

I. GENERAL INFORMATION

Sections 260, 290, 320, 340, 360 of the Medicare Financial Management Manual (Pub.100-6), Chapter 1(Budget Preparation-Intermediaries and Carriers) are being deleted in its entirety.

Several Sections of the Medicare Financial Management Manual (Pub.100-6), Chapter 1 and Chapter 2 (Budget Execution) are being revised.

A change in the methodology utilized to analyze the variance between contractor incurred versus budgeted costs eliminates any further need for the current Budget Distribution Reports.

Section 130.1 of the Medicare Financial Management Manual (Pub.100-6), Chapter 2 (Budget Execution) is

being revised to specify to the contractors not to use overnight delivery when sending the signed hard copy to Central Office.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number

Requirement

Responsibility (place an "X" in each applicable column)

A/
B

MAC

DME

MAC

FI

CARRIER

DMERC

RHHI

Shared-System
Maintainers

OTHER

FISS

MCS

VMS

CWF

5682.1

Contractors shall no longer prepare and submit Budget Distribution Reports as currently required by section 260 of the Medicare Financial Management Manual-Chapter 1-Budget Preparation-Intermediaries and Carriers. It is being deleted in its entirety.

X

X

X

5682.2

Contractors shall no longer work section 290, 320, 340, 360 as currently required. It is being deleted in its entirety of the Medicare Financial Management Manual-Chapter 1-Budget Preparation-Intermediaries and Carriers

X

X

X

5682.3

Contractors shall send FACP signed hard copy to CO via regular mail.

X

X

X

5682.4

Contractors shall not use overnight delivery to send the signed hard copy of the FACP

X

X

X

III. PROVIDER EDUCATION TABLE

Number

Requirement

Responsibility (place an "X" in each applicable column)

A/
B

MAC

DME

MAC

FI

CARRIER

DMERC

RHHI

Shared-System
Maintainers

OTHER

FISS

MCS

VMS

CWF

None .

IV. SUPPORTING INFORMATION

A. N/A

X-Ref

Requirement

Number

Recommendations or other supporting information:

V. CONTACTS

Pre-Implementation Contact(s): Deborah Pujals Keyser: 410-786-8096 or Deb
Thompson: 410-786-7546

Post-Implementation Contact(s): Deborah Pujals Keyser: 410-786-8096 or Deb Thompson: 410-786-7546

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.

60 - List of Acronyms

(Rev. 128; Issued: 07-13-07; Effective: 10-01-06; Implementation: 08-13-07)

The following are acronyms that are used frequently throughout the Budget Preparation chapter:

Acronym

Text

ABCR

Administrative Budget and Cost Report

ALJ

Administrative Law Judge

BI

Benefits Integrity

BPRs

Budget and Performance Requirements

BR

Budget Request

CAFM II

Contractor Administrative-Budget and Financial Management System

CCR

Cost Classification Report

CMS

Centers for Medicare & Medicaid Services

CFR

Code of Federal Regulations

CO

Central Office

COB

Coordination of Benefits

CROWD

Contractor Reporting of Operational and Workload Data

CWF

Common Working File

EDP

Electronic Data Processing

EMC

Electronic Media Claims

FACP

Final Administrative Cost Proposal

FAR

Federal Acquisition Regulations

FM

Facilities Management

FY

Fiscal Year

G&A

General and Administrative

IER

Interim Expenditure Report

PM

Program Management

MR

Medical Review

MIP

Medicare Integrity Program

MSP

Medicare Secondary Payer

NOBA

Notice of Budget Approval

OIG

Office of Inspector General

PET

Provider Education and Training

PI

Productivity Investment

PRRB

Provider Reimbursement Review Board

RO

Regional Office

ROI

Return on Investment

SBR

Supplemental Budget Request

UPIN

Unique Physician Identification Number

270 - Budget Preparation Check List for Program Management and Medicare Integrity Program

(Rev. 128; Issued: 07-13-07; Effective: 10-01-06; Implementation: 08-13-07)

FORM NAME

DUE TO

DUE DATE

Initial Budget Request - Activity Forms - (with following attachments as required by CMS)

CMS

June/July

Miscellaneous Schedule

Special Projects Schedule (if applicable)

Certification Schedule

Cost Classification Report (CMS-2580)

Other Information as Requested in the BPRs

Notice of Budget Approval

Contractor

October 1 and thereafter as needed

Activity Summary Certification Schedule

Supplemental Budget Request - See §240

350 - Instructions for Using the System for Tracking Audit and Reimbursement (STAR)

(Rev. 128; Issued: 07-13-07; Effective: 10-01-06; Implementation: 08-13-07)

A. General

The STAR is an automated system developed for the purpose of tracking the Medicare cost reporting process. STAR captures historical and current Medicare provider information for each cost report. The STAR User's Manual serves as the contractor's instructions for implementing the program functions within the STAR system.

The CMS created the STAR Alert newsletter to clarify instructions in the STAR User's Manual and the intermediary manual pertaining to output reports created by STAR. The STAR Alert is issued several times a year and addresses concerns about various audit issues that may arise during the fiscal year (FY).

B. STAR Time System (Not required by the MACs)

- All FIs must use the Time System;
- The FI enters time spent by employees on a particular administrative function, e.g., desk reviews, field audits, and settlements, in accordance with the STAR User's Manual; and

C. Required Fields in STAR

The FI completes the following screens, with their corresponding fields, in the STAR program to ensure that all providers are properly documented in the system and that the resulting reports and/or records are current and accurate:

1. Screen Number 1

Provider Number

Change of Ownership (COO) Code (assigned by system)

Long Name

Short Name

Provider Address

Provider Type

Control Type

Tax Number

Chain Number and Name (If Applicable)

Certification Date

Tie-In Date

Tie-Out date and reason (If Applicable)

Previous FI (if Known)

Transferred to FI (if Known)

Office Codes

2. Screen Number 2

Default Address

3. Screen Number 3

Interim Payment Pay Method

Periodic Interim Payment In and Out Dates

4. Screen Number 4

Cost Report Due

Cost Report Received

Cost Report Rejected

Refiled Cost Report Received

Desk Review Completed

Problem Resolution/Onsite/Audit (POA) Status Code

POA Start

POA Complete

Suspension by CMS

Reason of Suspension

Audit/No Audit Hours

Audit/Travel Hours

Audit/Travel Costs

FI Hearing Start

FI Hearing Complete

Provider Reimbursement Review Board (PRRB) Hearing Start

PRRB Hearing Complete

Tentative Date

Bill Date (If Applicable)

Amount Approved

5. Screen Number 5

FY Start (If not a full year)

Fiscal Year End Last Audited

Beds

Appeal Cost

Low/No Utilization

As Filed

Reimbursement Cost (All providers except Home Office (HO))

Total Cost (HO only)

6. Screen Number 6

Complete screen with DRGs, pass-thrus, and cost-based amounts for all PPS

hospitals and their excluded units (provider types 05,06, and 08), finalized after 10/1/90. Reopening information is required only if the Notice of Change-Program Reimbursement (NOC-PR) is within same fiscal year as the original NPR.

7. Screen Number 7

PPS/Exempt/Waiver (PEW) Code 1234

Metropolitan Statistical Area (MSA) Area

(9999 if Rural--only Rural codes must be entered)

8. Screen 8

Finalized and Reopenings

Patient Days/Visits

Title 18 Days/Visits

Sequestration

Reimbursement Cost (All Providers except HO)

Total Cost (HO only)

Interim Payments

TEFRA Incentive

Notice of Program Reimbursement/Notice of Correction-Program Reimbursement

Reopening Letter Date

Reopening Reason

STAR Time Codes

The STAR Time System is mandated because time recorded in the STAR Time System for providers is used by CASR, CRS and CPEP programs. Time codes are stored in each user's lookup.dbf file.

D. Required Output Records in STAR

The FI produces the following output records using STAR:

1. Hearing and Reopening Log.

Due Upon request from Central Office (CMS).

2. Tentative Settlement Logs.

Due upon request from CMS.

3. Hearing and Reopening Aging Report.

Due upon request from CMS.

4. Cost Report Settlement Log (CRSXXXXX.DBF, where X is the FI's five digit contractor number).

5. PRRB Negative Savings Audit Trail.

Due upon request from CMS.

6. Other Files as requested by CMS.

30.1 - Servicing Contractor

(Rev. 128; Issued: 07-13-07; Effective: 10-01-06; Implementation: 08-13-07)

The servicing contractor shall accrue the costs involved and submit a monthly invoice to the receiving contractor. It shall submit invoices promptly to permit the receiving contractor to submit its IER on a timely basis. It shall include adjustments to previous invoices in subsequent invoices. The servicing contractor must have adequate documentation by cost category to support the invoice amount. It shall not include these costs in its cost reports.

60.1 - Transmittal and Due Dates

(Rev. 128; Issued: 07-13-07; Effective: 10-01-06; Implementation: 08-13-07)

The contractor shall transmit the IER via the Contractor Administrative-Budget and Financial Management (CAFM II) System. If the due date falls on a Federal holiday or a weekend, the due date is the next working day. See §180 for CAFM II IER due dates.

70 - Exhibit of Variance Analysis

(Rev. 128; Issued: 07-13-07; Effective: 10-01-06; Implementation: 08-13-07)

Variance Version 1

[Click here to view exhibit of Variance Analysis Version 1.](#)

Variance Version 2

[Click here to view exhibit of Variance Analysis Version 2.](#)

Variance Version 3

[Click here to view exhibit of Variance Analysis Version 3.](#)

80 - Variance Analysis

(Rev. 128; Issued: 07-13-07; Effective: 10-01-06; Implementation: 08-13-07)

The variance analysis consists of two parts. The first part is the CAFM II generated report that shows all variances for the report period and highlights those variances which fall outside established tolerances and require an explanation. Using the data on the generated report, the contractor sends the RO a memo that explains any variance above predetermined tolerance levels.

There are three versions of the variance analysis. Version 1 is created three times during the FY. It shows all year-to-date variances for the report period (Annualized IER vs. the approved NOBA). Version 2 is created with the submission of the September IER. It shows the preliminary end of the year variance (September IER vs. NOBA). Version 3 is

created after the submission of the FACP. It shows the final variances (September IER vs. FACP).

80.1 - Transmittal and Due Dates

(Rev. 128; Issued: 07-13-07; Effective: 10-01-06; Implementation: 08-13-07)

Variance reports are required with the IER for the variance periods and with the FACP.

(See §180 for due dates.) Contractors shall transmit the variance narrative via email to CO.

130.1 - Transmittal and Due Date

(Rev. 128; Issued: 07-13-07; Effective: 10-01-06; Implementation: 08-13-07)

The contractor shall submit the complete FACP consisting of the Activity Forms with all attachments and supporting schedules (see §§130.7 and 140) 3 months after the end of the FY (i.e., December 31). If CMS has approved projects for forward funding, then supplemental FACP's should be submitted. If the due date falls on a Federal holiday or a weekend, the due date is the next working day. The contractor shall transmit the Activity Form data for the FACP electronically on the CAFM II System. It shall forward a signed hardcopy to CO via regular mail. Contractors shall not use overnight delivery.

See §180 for transmission deadlines.

NOTE: After submission of the September cost report but prior to submission of the FACP, the contractor shall continue to draw funds for costs incurred not to exceed the total budget. Once the FACP is submitted, additional draws shall not be made until the contractor is liable for payment (forward funded items). Supplemental FACP's shall be

submitted no later than 30 days after the close of each subsequent quarter,
until all
projects are completed, but not later than 30 days after the close of the
subsequent FY
when these funds expire.

180 - Budget Execution Check List for Program Management and
Medicare Integrity Program

(Rev. 128; Issued: 07-13-07; Effective: 10-01-06; Implementation: 08-13-07)

Form NAME Due Date

Interim Expenditure Report - Activity Forms 20 days after end of reporting
(with following attachments) month

Miscellaneous Schedule

Special Project Schedule (if applicable)

Certification Schedule

Variance Analysis 27 days after end of variance
month, 4 period annually

Final Administrative Cost Proposal - Activity 3 months after end of FY,

Forms with following attachments: Quarterly thereafter as needed

Miscellaneous Schedule

Special Project Schedule (if applicable)

Certification Schedule

Credit Schedule

Cost Classification Report

Narrative Explanation of FACP/IER

Differences

If the due date falls on a Federal holiday or a weekend, the due date is the next working day.

