

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-20 One-Time Notification</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 1348</b>	<b>Date: February 21, 2014</b>
	<b>Change Request 8502</b>

**SUBJECT: Handling Bankrupt Suppliers within VMS**

**I. SUMMARY OF CHANGES:** This CR requires Contractors to develop a process to allow the DME MACs to hold claims payments depending on the administrative hold type and requires VMS to allow the DME MACs to release the bankruptcy administrative held funds.

**EFFECTIVE DATE: July 1, 2014 - Analysis and Coding; October 1, 2014 - Coding, Testing and Implementation; January 1, 2015 - Analysis and Coding; April 1, 2015 - Coding, Testing and Implementation**

**IMPLEMENTATION DATE: July 7, 2014 - Analysis and Coding; October 6, 2014 - Coding, Testing and Implementation; January 5, 2015 - Analysis and Coding; April 6, 2015 - Coding, Testing and Implementation**

*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.

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
N/A	

**III. FUNDING:**

**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 obliged 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: 1348	Date: February 21, 2014	Change Request: 8502
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**SUBJECT: Handling Bankrupt Suppliers within VMS**

**EFFECTIVE DATE: July 1, 2014 - Analysis and Coding; October 1, 2014 - Coding, Testing and Implementation; January 1, 2015 - Analysis and Coding; April 1, 2015 - Coding, Testing and Implementation**

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## I. GENERAL INFORMATION

**A. Background:** The VMS system currently does not have a means of systematically identifying bankruptcy status, the bankruptcy petition date, or the type of bankruptcy administrative hold for a supplier. This CR requires the system maintainers to develop a process to allow the DME MACs to (1) hold claims payments depending on the administrative hold type, (2) separately identify pre and post-petition payables in administrative holds for a supplier in bankruptcy, (3) stop recoupment or automatically offset when a provider is on a bankruptcy administrative hold, and (4) offset or release the bankruptcy administratively held funds only after receiving instructions provided by CMS or OGC.

**B. Policy:** N/A

## II. BUSINESS REQUIREMENTS TABLE

*"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.*

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
8502.1	VMS shall have a designation to indicate the types of administrative hold (prepetition and post-petition) in effect for a supplier.								X		
8502.2	VMS shall implement bankruptcy administrative holds separately for prepetition amounts, post-petition amounts, or both, based on instructions from CMS and OGC.								X		
8502.3	VMS shall notify the supplier of the held payment using the PLB code 'AP' on the remittance advice when payment is held for a supplier on bankruptcy administrative hold.								X		
8502.4	VMS shall not apply any of the claim payment to an outstanding receivable when a supplier is on any pre								X		

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
	and/or post-petition bankruptcy administrative hold.									
8502.5	VMS shall create the ability to allow the DME MACs to view the held payments on line for a bankrupt supplier.				X			X		
8502.6	VMS shall develop the means of offsetting or releasing a portion or all of the funds held for a supplier on pre and/or post-petition bankruptcy administrative hold when instructed by CMS or OGC.				X			X		
8502.7	VMS shall allow the released funds to be applied to the supplier's open receivable(s) when pre and/or post-petition bankruptcy administratively held funds are released.				X			X		
8502.8	VMS shall ensure the payment of released funds is made in the same manner as the supplier's usual payments.				X			X		
8502.9	VMS shall generate a letter to the payee to explain the payment when bankruptcy administratively held funds are released.				X			X	HP EDC	
8502.10	VMS shall assign new uniform status codes to identify appealed claims for receivables which also have a current non-recoupment/collection status type of bankruptcy.				X			X		
8502.11	VMS shall work with the EDC to produce a summary report ( <b>as described in the Summary attachment</b> ) of funds for each type of administrative hold in place for a supplier in bankruptcy when the job is requested by the DME MAC or CMS..  <b>NOTE: A comma delimited summary file will be transferred from the EDC to the Baltimore Data Center.</b>				X			X	EDCs	
8502.11.1	The <b>comma delimited summary file</b> shall include the name, supplier number, tax identification number or the supplier, the type of bankruptcy administrative hold, and the total funds held for that supplier in each applicable type of administrative hold.				X			X		

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared- System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
8502.11.2	VMS shall work with the EDC to produce a detailed report <b>(as described in the detailed attachment)</b> of suppliers in administrative hold for each jurisdiction when the job is requested by the DME MAC or CMS.  <b>NOTE: A comma delimited detailed file will be transferred from the EDC to the Baltimore Data Center.</b>				X			X	EDCs	
8502.11.2.1	The <b>detailed comma delimited file</b> shall further define the data reported in the <b>summary comma delimited file</b> .				X			X		
8502.12	VMS shall produce a new daily report identifying all the suppliers in bankruptcy.				X			X		
8502.12.1	Upon receiving notification of a new bankruptcy for one or more suppliers, VMS shall generate a report to each of the DME MACs that identifies the new supplier(s) in bankruptcy and the supplier(s)' outstanding receivables, indicating whether the receivable is prepetition, postpetition, or both.				X			X		
8502.13	VMS shall hold payment to a supplier in the following hierarchy when more than one payment hold applies to the supplier:  1. Bankruptcy  2. Fraud  3. IRS Withholding  4. Do Not Forward (DNF)							X		
8502.13.1	The hierarchy of VMS Alerts shall continue to be determined and coordinated between the DME MACs and their ZPICs/PSC.							X		

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility
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		A/B MAC			D M E	C E D I
		A	B	H H H	M A C	
	None					

**IV. SUPPORTING INFORMATION**

**Section A: Recommendations and supporting information associated with listed requirements: N/A**

*"Should" denotes a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information:

**Section B: All other recommendations and supporting information: N/A**

**V. CONTACTS**

**Pre-Implementation Contact(s):** Joanne Jackson, 215-861-4388 or joanne.jackson@cms.hhs.gov

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR) or Contractor Manager, as applicable.

**VI. FUNDING**

**Section A: For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS do 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.

Attachments (3)

CARRIER NUMBER: 99999  
CONTRACTOR ID: 1  
REPORT NUMBER: xxxxxxxx  
PROGRAM NUMBER: xxxxxxxx

XXXX - DME MAC JURISDICTION X  
DETAIL ADMINISTRATIVE HOLD REPORT  
FOR BANKRUPT SUPPLIERS

CYCLE DATE: N/A  
RUN DATE: MM/DD/CCYY  
RUN TIME: HH:MM:SS  
PAGE: 1

NSC ID - 9999999990 TAX ID - 999999999

PETITION DATE - DD/MM/CCYY

TYPE OF ADMIN HOLD - R PRE PETITION

HICN	CCN	LINE NBR	FROM DATE OF SVC	HCPCS	DATE HELD	BEGINNING BALANCE	RELS TYPE	AMOUNT RELEASED	DATE RELEASED	REMAINING BALANCE	TAX ID	NSC ID
AAAAAAAAAA	1111111111000	01	MM/DD/CCYY	A1111MMMMMMMM	MM/DD/CCYY	\$9999999.99	EFT	\$9999999.99	MM/DD/CCYY	\$9999999.99	999999999	9999999990
AAAAAAAAAA	1111111111000	02	MM/DD/CCYY	A1111MMMMMMMM	MM/DD/CCYY	\$9999999.99	EFT	\$9999999.99	MM/DD/CCYY	\$9999999.99		
AAAAAAAAAA	1111111111000	03	MM/DD/CCYY	A1111MMMMMMMM	MM/DD/CCYY	\$9999999.99	CHK	\$9999999.99	MM/DD/CCYY	\$9999999.99		
BBBBBBBBBB	1111111111000	04	MM/DD/CCYY	A1111MMMMMMMM	MM/DD/CCYY	\$9999999.99	RCP	\$9999999.99	MM/DD/CCYY	\$9999999.99		

NSC ID - 9999999991 TAX ID - 999999999

PETITION DATE - DD/MM/CCYY

TYPE OF ADMIN HOLD - O POST PETITION

HICN	CCN	LINE NBR	FROM DATE OF SVC	HCPCS	DATE HELD	BEGINNING BALANCE	RELS TYPE	AMOUNT RELEASED	DATE RELEASED	REMAINING BALANCE
AAAAAAAAAA	1111111111000	01	MM/DD/CCYY	A1111MMMMMMMM	MM/DD/CCYY	\$9999999.99	EFT	\$9999999.99	MM/DD/CCYY	\$9999999.99
AAAAAAAAAA	1111111111000	02	MM/DD/CCYY	A1111MMMMMMMM	MM/DD/CCYY	\$9999999.99	EFT	\$9999999.99	MM/DD/CCYY	\$9999999.99
AAAAAAAAAA	1111111111000	03	MM/DD/CCYY	A1111MMMMMMMM	MM/DD/CCYY	\$9999999.99	CHK	\$9999999.99	MM/DD/CCYY	\$9999999.99
BBBBBBBBBB	1111111111000	04	MM/DD/CCYY	A1111MMMMMMMM	MM/DD/CCYY	\$9999999.99	RCP	\$9999999.99	MM/DD/CCYY	\$9999999.99

NSC ID - 9999999992 TAX ID - 999999999

PETITION DATE - DD/MM/CCYY

TYPE OF ADMIN HOLD - B PRE AND POST

HICN	CCN	LINE NBR	FROM DATE OF SVC	HCPCS	DATE HELD	BEGINNING BALANCE	RELS TYPE	AMOUNT RELEASED	DATE RELEASED	REMAINING BALANCE
AAAAAAAAAA	1111111111000	01	MM/DD/CCYY	A1111MMMMMMMM	MM/DD/CCYY	\$9999999.99	EFT	\$9999999.99	MM/DD/CCYY	\$9999999.99
AAAAAAAAAA	1111111111000	02	MM/DD/CCYY	A1111MMMMMMMM	MM/DD/CCYY	\$9999999.99	EFT	\$9999999.99	MM/DD/CCYY	\$9999999.99
AAAAAAAAAA	1111111111000	03	MM/DD/CCYY	A1111MMMMMMMM	MM/DD/CCYY	\$9999999.99	CHK	\$9999999.99	MM/DD/CCYY	\$9999999.99
BBBBBBBBBB	1111111111000	04	MM/DD/CCYY	A1111MMMMMMMM	MM/DD/CCYY	\$9999999.99	RCP	\$9999999.99	MM/DD/CCYY	\$9999999.99

\*\*\*\*\* END OF REPORT \*\*\*\*\*

Contractor ID	Create Date	Tax ID Number	NCS ID	Claim Control Number	Claim Total	Claim Line #	HCPCS	HCPCS Modifiers (add'l columns if necessary)
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From Date of Service for Claim Line	Approved Payment Amount for Claim Line	Date Paid or to be Paid to Administrative Freeze	Pricing Provider Number?	Submitted Charge Amount	Allowed Charge Amount	Provider Payment Amount	Payment determined under Competitive Bid Agreement (Y/N)
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Contractor ID	Run Date	TAX ID #	NCS ID #	Petition Date	Type of Administrative Freeze (Prepetition or Postpetition)	Total Amount in Administrative Freeze
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