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|-------------------------------------------------|-----------------------------------------------------------|
| CMS Manual System | Department of Health & Human Services (DHHS) |
| Pub 100-06 Medicare Financial Management | Centers for Medicare & Medicaid Services (CMS) |
| Transmittal 190 | Date: July 12, 2011 |
| | Change Request 7152 |

NOTE: This instruction is being re-issued to correct the X-ref date showing as July 11th to the effective date of July 18th for the 11.50% interest rate. This includes changing the closing date of the 11.0% interest rate from July 10th to July 17th. The transmittal number, date issued, and all other information will remain the same.

SUBJECT: Notice of New Interest Rate for Medicare Overpayments and Underpayments - 4th Notification for FY 2011

I. SUMMARY OF CHANGES: This Change Request provides a quarterly update of the Medicare interest rate for overpayments and underpayments.

EFFECTIVE DATE: July 18, 2011

IMPLEMENTATION DATE: July 18, 2011

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 |
|--------------|-----------------------------------------------|
| N/A | |

III. FUNDING:

For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:

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

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:

Recurring Update Notification

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

Attachment – Recurring Update Notification

| | | | |
|-------------|------------------|---------------------|----------------------|
| Pub. 100-06 | Transmittal: 190 | Date: July 12, 2011 | Change Request: 7152 |
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NOTE: This instruction is being re-issued to correct the X-ref date showing as July 11th to the effective date of July 18th for the 11.50% interest rate. This includes changing the closing date of the 11.0% interest rate from July 10th to July 17th. The transmittal number, date issued, and all other information will remain the same.

SUBJECT: Notice of New Interest Rate for Medicare Overpayments and Underpayments – 4th Notification for FY 2011

Effective Date: July 18, 2011

Implementation Date: July 18, 2011

I. GENERAL INFORMATION

A. Background: Medicare Regulation 42 CFR §405.378 provides for the assessment of interest at the higher of the current value of funds rate (one percent for calendar year 2011) or the private consumer rate as fixed by the Department of the Treasury.

B. Policy: The Department of the Treasury has notified the Department of Health and Human Services that the private consumer rate has been changed to **11.50 percent**.

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 M A C | F I I E R | C A R I E R | R H H I I S S | Shared-System Maintainers | | | | OTH ER |
| | | | | | | F | M | V | C | | |
| | | | | | | S | C | M | W | | |
| | | | | | | S | S | S | F | | |
| 7152.1 | The Medicare contractors shall implement an interest rate of 11.50% effective July 18, 2011 for Medicare overpayments and underpayments. | X | X | X | X | X | | | | | |

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 | R H H I | Shared-System Maintainers | | | | OTH ER |
| | | | | | | F I S S | M C S | V M S | C W F | | |
| | 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: |
|---------------------------------------|--------------------------------------------------|
| 7152.1 | This reaffirms interest rates for prior periods: |
| Period | Interest Rate |
| February 7, 2001 – April 25, 2001 | 14.125% |
| April 26, 2001 - August 6, 2001 | 13.75% |
| August 7, 2001 – October 30, 2001 | 13.25% |
| October 31, 2001 – January 31, 2002 | 13.25% |
| February 1, 2002 – May 7, 2002 | 12.625% |
| May 8, 2002 – August 7, 2002 | 11.75% |
| August 8, 2002 – November 18, 2002 | 12.625% |
| November 19, 2002 – February 10, 2003 | 11.25% |
| February 11, 2003 – April 27, 2003 | 10.75% |
| April 28, 2003 – August 10, 2003 | 11.625% |
| August 11, 2003 – November 2, 2003 | 12.125% |
| November 3, 2003 –February 3, 2004 | 12.00% |
| February 4, 2004 – May 6, 2004 | 12.00% |
| May 7, 2004 – August 8, 2004 | 11.875% |
| August 9, 2004 – November 11, 2004 | 11.75% |
| November 12, 2004 – February 7, 2005 | 12.00% |
| February 8, 2005 – April 24, 2005 | 11.875% |
| April 25, 2005 – July 21, 2005 | 12.00% |
| July 22, 2005 – November 2, 2005 | 12.00% |
| November 3, 2005 – January 24, 2006 | 12.25% |
| January 25, 2006 – April 23, 2006 | 11.875% |
| April 24, 2006 – July 18, 2006 | 12.125% |

| X-Ref Requirement Number | Recommendations or other supporting information: |
|-------------------------------------|---------------------------------------------------------|
| July 19, 2006 – October 17, 2006 | 12.625% |
| October 18, 2006 – January 18, 2007 | 12.375% |
| January 19, 2007 – April 19, 2007 | 12.5% |
| April 20, 2007 – July 19, 2007 | 12.375% |
| July 20, 2007 – October 18, 2007 | 12.625% |
| October 19, 2007 – January 17, 2008 | 12.5% |
| January 18, 2008 – April 17, 2008 | 12.125% |
| April 18, 2008 – July 23, 2008 | 11.375% |
| July 24, 2008 – October 21, 2008 | 11.125% |
| October 22, 2008 – January 22, 2009 | 11.375% |
| January 23, 2009 – April 15, 2009 | 11.375% |
| April 16, 2009 – July 16, 2009 | 11.00% |
| July 17, 2009 – October 21, 2009 | 11.25% |
| October 22, 2009 – January 24, 2010 | 10.875% |
| January 25, 2010 – April 22, 2010 | 11.25% |
| April 23, 2010 – July 20, 2010 | 10.875% |
| July 21, 2010 – October 21, 2010 | 11.00% |
| October 22, 2010 – January 23, 2011 | 10.75% |
| January 24, 2011 – April 18, 2011 | 11.25% |
| April 19, 2011 – July 17, 2011 | 11.00% |
| July 18, 2011 | 11.50% |

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

V. CONTACTS

Pre-Implementation Contact(s): Monica Potee (410) 786-4297.

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

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs)*, *Regional Home Health Intermediaries (RHHIs)*, and/or *Carrier*:

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.