

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-06 Medicare Financial Management</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 198</b>	<b>Date: October 27, 2011</b>
	<b>Change Request 7311</b>

**SUBJECT: Medicare Financial Management Manual, Chapter 4 - Debts Returned to Agency (RTA) by Treasury**

**I. SUMMARY OF CHANGES:** To update IOM Chapter 4, section 70.17 of Pub. 100-06.

**EFFECTIVE DATE: November 1, 2011**

**IMPLEMENTATION DATE: November 28, 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

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
<b>R</b>	4/Table of Contents
<b>R</b>	4/70.17/Debts Returned to Agency (RTA) by the United States Department of the Treasury (Treasury)
<b>N</b>	4/70.17.1/Debts RTA by Treasury Due to Bankruptcy (RB)
<b>N</b>	4/70.17.2/Debts RTA By Treasury as Uncollectible (RU) or Out of Business (RN)
<b>N</b>	4/70.17.3/Debts RTA by Treasury as Dispute Response not Received Timely (RX)
<b>N</b>	4/70.17.4/Debts RTA by Treasury as a Miscellaneous Dispute, a Manual RTA, Complaint or as Recall Approved (RD)
<b>N</b>	4/70.17.5/Debts RTA by Treasury as paid in Full (RP), Satisfied Payment Agreement (RS) or Satisfied Compromise (RC)

### **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:**

#### **Business Requirements**

#### **Manual Instruction**

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

# Attachment - Business Requirements

Pub. 100-06	Transmittal: 198	Date: October 27, 2011	Change Request: 7311
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**SUBJECT: Medicare Financial Management Manual, Chapter 4 – Debts Returned to Agency (RTA) by Treasury**

**Effective Date: November 1, 2011**

**Implementation Date: November 28, 2011**

## I. GENERAL INFORMATION

**A. Background:** Change Request (CR) 6083, Transmittal 143, addressed various reasons the United States Department of Treasury (Treasury) returns to agency (RTA) debts to the Centers for Medicare & Medicaid Services (CMS). This CR will clarify some of the instructions in CR 6083 and provide additional instructions related to debts RTA by Treasury as uncollectible or out of business. All other instructions in CR 6083 CR will remain the same.

**B. Policy:** The Debt Collection Improvement Act of 1996 (DCIA) requires Federal agencies to refer debt that is 180 days delinquent to the Treasury or a Treasury designated Debt Collection Center for cross servicing. The CMS policy clarifies the process for recommending debts for Termination of Collection Action and Write-Off-Closed (WOC) in conjunction with 42 CFR 405.376(e).

## II. BUSINESS REQUIREMENTS TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B M A C	D E M A C	F I I E R	C A R I E R	R H I E S	Shared-System Maintainers				OTHER
		S	S	S	S	F	M	V	C	W	
7311.1	The contractors are responsible for obtaining bankruptcy documentation for debts RTA for bankruptcy. If the contractors are unsuccessful in obtaining bankruptcy documentation through established procedures, including asking their RO for assistance, then the contractors shall request bankruptcy documentation from Treasury. Contractors will request this information via email to <a href="mailto:CrossServicing.Questions@fms.treas.gov">CrossServicing.Questions@fms.treas.gov</a> . The subject line of the email request shall be entitled, "Request for Bankruptcy Information".	X	X	X	X	X					
7311.2	The contractors shall consider whether all other appropriate actions to collect debts have been taken before recommending debts for WOC (refer to Pub. 100-06, Medicare Financial Management Manual, chapter 4, section 70.17B).	X	X	X	X	X					

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B  M A C	D M M A C	F I  M I E R	C A R R I E R	R H I  S S	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
7311.2.1	The contractors shall determine whether there have been any collections on the debts within the past year.	X	X	X	X	X					
7311.2.2	If so, the contractors shall not recommend the debts for WOC and shall continue collection efforts.	X	X	X	X	X					
7311.2.3	The contractors shall determine if the debtors submitted any Medicare claims in the last 6 months.	X	X	X	X	X					
7311.2.3.1	If so, the contractors shall not recommend the debts for WOC and shall continue collection efforts.	X	X	X	X	X					
7311.2.4	The contractors shall determine if the debtors are receiving Medicaid funds.	X	X	X	X	X					
7311.2.4.1	If so, the contractors shall not recommend the debts for WOC and shall continue collection efforts.	X	X	X	X	X					
7311.2.5	The contractors shall contact the CMS Regional Office (RO) to institute an offset against the debtors' Medicaid funds.	X	X	X	X	X					
7311.2.6	If applicable, the contractors shall determine if the debtors have had a Change of Ownership (CHOW). (The new owner must have accepted the assignment of the provider agreement).	X		X		X					
7311.2.6.1	If so, the contractors shall determine whether it pursued collection from the new owner.	X		X		X					
7311.2.6.1.1	If contractors did not pursue collection from the new owner, the contractors shall update all applicable records and follow normal collection procedures to collect from the new owner.	X		X		X					
7311.2.6.1.2	If the contractors did pursue collection from the new owner, the contractors shall follow normal procedures to recommend the debts for WOC.	X		X		X					
7311.2.7	If applicable, the contractors shall research to see if they have any unsettled cost reports for the debtors before recommending debts for WOC.	X		X		X					
7311.2.7.1	If so, the Contractors shall not recommend the debts for WOC.	X		X		X					
7311.2.7.1.2	The contractors shall await settlement of the cost report to determine whether it results in an underpayment.	X		X		X					
7311.2.7.1.3	If the cost report results in an underpayment, the contractors shall apply the underpayment to recover the debts.	X		X		X					
7311.2.8	If applicable, the contractors shall research to see if there are any outstanding unfiled cost reports less	X		X		X					

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B  M A C	D M M A C	F I  M I E R	C A R I E R	R H I  S S	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
	than 1 year overdue.										
7311.2.8.1	If so, the contractors shall not recommend the debts for WOC (repeat above 7.1.2 & 7.1.3).	X		X		X					
7311.2.9	The contractors shall research to see if the debtors terminated from the Medicare Program.	X	X	X	X	X					
7311.2.10	If applicable, the contractors shall check for Medicare funds that maybe in suspense due to an unfiled cost report.	X		X		X					
7311.2.10.1	If applicable, the contractors shall apply any collections held in suspense to recover outstanding debts determined from an unfiled cost report.	X		X		X					
7311.2.11	If applicable, the contractors shall not recommend outstanding debts for WOC if there are cost reports subject to re-opening.	X		X		X					
7311.2.11.1	If so, the contractors shall wait until the expiration of the reopening period has passed before recommending the debts for WOC.	X		X		X					
7311.2.11.2	If a cost report reopening results in an underpayment, the contractors shall apply the underpayment to recoup all outstanding debts before releasing any funds.	X		X		X					
7311.2.12	The contractors shall not recommend outstanding debts for WOC if there are claims subject to re-opening.	X	X	X	X	X					
7311.2.13	The contractors shall not recommend debts for WOC if the debtors have an active claims or cost report appeal pending.	X	X	X	X	X					
7311.2.14	The contractors shall not recommend debts for WOC if the debtors have an active fraud case.	X	X	X	X	X					
7311.2.15	The contractors shall forward the debt to the appropriate Program Safeguard Contractor or Zone Program Integrity Contractor or the CMS Centers for Program Integrity area that has the open fraud case.	X	X	X	X	X					
7311.2.16	The contractors shall submit a request to CMS RO for debts in the RU (Return by Treasury as Uncollectible) status when making a recommendation for WOC.	X	X	X	X	X					
7311.2.17	The contractors shall submit two separate reports for RU status debts in the Debt Collection System (DCS).	X	X	X	X	X					
7311.2.17.1	The contractors shall submit one report for debts in RU status with a principal balance of \$500,000 or less.	X	X	X	X	X					

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B  M A C	D M B  M A C	F I  M I E R	C A R R I E R	R H I  S S	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
7311.2.17.2	The contractors shall submit another report for debts in RU status with a principal balance greater than \$500,000.	X	X	X	X	X					
7311.2.18	The contractors shall also submit two separate reports for debts in RN (Return by Treasury as Out of Business) status in the DCS:	X	X	X	X	X					
7311.2.18.1	The contractors shall submit one report for debts in RN status with a principal balance of \$100,000 or less.	X	X	X	X	X					
7311.2.18.2	The contractors shall submit another report for debts in RN status with a principal balance greater than \$100,000.	X	X	X	X	X					
7311.2.19	The CMS RO will review the contractors recommendation to WOC debts.	X	X	X	X	X					
7311.2.20	The contractors shall submit one report for debts with a principal balance greater than \$25,000; they must have the concurrence of the CMS Regional Office of General Counsel (OGC).	X	X	X	X	X					
7311.2.21	The contractors shall submit debts with a principal balance less than \$25,000 in a separate report to the CMS RO for approval, since OGC concurrence is not required.	X	X	X	X	X					
7311.2.22	The contractors shall include the Contractors validation statement with each submission (See CMS Pub. 100-06, chapter 4, section 70.17.2).	X	X	X	X	X					
7311.3	The contractors shall update the DCS using the codes in Pub. 100-06, chapter 4, section 70.17.5,	X	X	X	X	X					
7311.3.1	The contractors shall analyze the payments received and determine if they should issue a refund when the principal balance in the DCS and the contractors' internal systems has a negative balance. (See CMS Pub. 100-06, chapter 4, section 70.14.8).	X	X	X	X	X					
7311.3.2	The contractors shall follow procedures for applying excess collections, if it is determined a refund is valid (See CMS Pub. 100-06, chapter 4, section 70.14.8).	X	X	X	X	X					
7311.3.3	The contractors shall not change the status code if the principal balance of the debts in DCS and in the contractors' internal system is greater than \$100.	X	X	X	X	X					
7311.3.4	The contractors shall follow normal procedures for all other debts affected. (See CMS Pub. 100-06, chapter 4, section 70.17)	X	X	X	X	X					
7311.4	The contractors shall add a comment on the DCS comment screen reflecting any action taken, the date	X	X	X	X	X					

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B	D M E	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
		M A C	M A C				I S S	M S	V S	C W F	
	of the RTA report in which the debts appear on and the financial statement reporting quarter in which the debts were closed.										

**III. PROVIDER EDUCATION TABLE**

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B	D M E	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
		M A C	M A C				I S S	M S	V S	C W F	
	None.										

**IV. SUPPORTING INFORMATION**

**Section A: For any recommendations and supporting information associated with listed requirements, use the box below: N/A**

*Use "Should" to denote a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information:

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

**V. CONTACTS**

**Pre-Implementation Contact(s):** Gwendolyn Lennon, 410-786-7713  
 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 Carriers:***

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.

# Medicare Financial Management

## Chapter 4 - Debt Collection

### Table of Contents (Rev. 198, 10-27-11)

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*70.17.1 - Debts RTA by Treasury due to Bankruptcy (RB)*

*70.17.2 - Debts RTA by Treasury as Uncollectible (RU) or Out of Business (RN)*

*70.17.3 - Debts RTA by Treasury as Dispute Response not Received Timely (RX)*

*70.17.4/Debts RTA by Treasury as a Miscellaneous Dispute, a Manual RTA, Complaint or as Recall Approved (RD)*

*70.17.5/Debts RTA by Treasury as paid in Full (RP), Satisfied Payment Agreement (RS) or Satisfied Compromise (RC)*

## **70.17 - Debts Returned to Agency (RTA) by *the United States Department of the Treasury (Treasury)***

***(Rev. 198, Issued: 10-27-11, Effective: 11-01-11, Implementation: 11-28-11)***

During the collection process, Treasury either collects debts or makes a final determination as to the status of the debts. *The Treasury returns to agency (RTA) debts to the Centers for Medicare & Medicaid Services (CMS) using the following reasons:*

- In Bankruptcy
- Uncollectible
- Out of Business
- Dispute Timer Expired
- Miscellaneous Dispute
- Manual Return to Agency
- Recall Approved
- Complaint
- Paid in Full
- Satisfied through Payment Agreement
- Satisfied through Compromise

The CMS will send monthly reports of these debts to *the Medicare contractors (contractors)* for final resolution. *The reports will state the reasons Treasury RTA the debts.*

*The CMS has developed new status codes in the Debt Collection System (DCS) for each of the reasons the debts were RTA. The RTA reports, prepared by CMS Central Office (CO), will reflect the new status codes. If Treasury returns debts and the DCS already shows the debts in a recall status, the system will not update the status code. However, the RTA reports will include the debts showing the existing DCS recall status codes and the reason for the Treasury RTA.*

*The RTA reports are sent out in Excel format so the contractors may sort them as appropriate. The contractors shall address all debts on the RTA reports and forward the completed report to CMS CO within 30 days after receipt.*

*The following sections will give a detailed description of the new status codes in DCS for debts RTA by Treasury:*

### **70.17.1 - Debts RTA by Treasury due to Bankruptcy (RB)**

***(Rev. 198, Issued: 10-27-11, Effective: 11-01-11, Implementation: 11-28-11)***

Debts in bankruptcy *status* are ineligible for cross servicing. If debts, RTA by Treasury due to bankruptcy are already status code 2B (Bankruptcy) in DCS; the debts will still appear on the *RTA* report but the status code *will* not change. *The CMS changes the status code of debts, RTA by Treasury, in DCS to RB (RTA – Bankruptcy). The RB status code indicates that these debts were RTA by Treasury due to bankruptcy. The contractor shall not make any further updates to the debts in DCS. The RTA debts, which appear on the monthly report, will remain in RB status in DCS. The contractors are responsible for obtaining bankruptcy documentation to support the*

bankruptcy *status code listed on the RTA report*. Once *the contractors obtain* the documentation, *they shall* update *their* internal records to reflect the appropriate code for bankruptcy. *The contractors shall* follow established procedures regarding *debts in* bankruptcy *status*. *The contractors* shall properly report the status of these debts in *their* quarterly financial reports to CMS CO. (See Pub. 100-06, chapter 3, section 140.)

*The* Treasury no longer routinely sends bankruptcy documents to creditor agencies. *Therefore*, contractors shall follow established procedures, including contacting the *CMS* Regional Office (RO), to obtain bankruptcy documentation. It is the contractor's responsibility to obtain the bankruptcy documentation. If the *contractors cannot obtain bankruptcy documentation through established procedures, including asking the RO for assistance, the contractors may contact Treasury to obtain documentation for RTA debts in bankruptcy*. If the *contractors* are unable to obtain bankruptcy documentation through established procedures or through the assistance of the RO, they *shall* request *bankruptcy documentation from Treasury via email to [CrossServicing.Questions@fms.treas.gov](mailto:CrossServicing.Questions@fms.treas.gov)*. *The subject line of the email request shall be entitled, "Request for Bankruptcy Information"*. If the contractors do not receive a confirmation from Treasury within 2 business days of the request, *the contractor shall re-send the email or make another request* to Treasury via fax number 205-912-6353. *The contractors shall include the following information; the FedDebt number, debtor name and the contractor's contact information on each request via email or fax*.

If the *CMS Regional Office of General Counsel (OGC) advises the contractor that debts are* not discharged in bankruptcy and are still eligible for referral, *the contractor shall submit* a new referral *to Treasury*. *The contractors shall change* the status code from RB to 2R (RTA Debt Re-entered into DCS) and *re-enter* the debts *into DCS* as a new *referral to Treasury*. (See-Exhibit 4 of this section, the DCS User Guide, Section 2.1) The contractors **shall not** change the status code of a debt in RB status back to status code UJ (Sent to PSC for Cross-Servicing). *The contractors shall add a comment on the DCS comment screen reflecting any action taken, the date of the RTA report in which the debts appear on and the financial statement reporting quarter in which the debts were* resolved.

### ***70.17.2 - Debts RTA by Treasury as Uncollectible (RU) or Out of Business (RN) (Rev. 198, Issued: 10-27-11, Effective: 11-01-11, Implementation: 11-28-11)***

If debts are RTA for one of the above reasons, *CMS* will update *the DCS* with the new codes unless the *DCS* is already *showing the debts* in a recall status. The *RTA report* will reflect the *recall status* along with the *reason* for *the RTA by Treasury*.

The *contractors* shall use the *RTA* report to research the debts *in order* to determine the current status or final disposition. *The* debts already in a recalled status are included so that *the contractors* will know that Treasury considers the *debts* uncollectible or out of business.

*The contractors shall determine whether collection by litigation is a viable option for* debts showing a status code of RU (RTA – Uncollectible) or RN (RTA – Out of Business). If so, follow established procedures for referring the debts for litigation (See *CMS* Pub. 100-06, chapter 3, section 120).

*The contractors shall also consider whether all other appropriate actions to collect debts have been taken before recommending debts for Write-Off Closed (WOC), including the criteria listed below*

- 1. Have there been any collections or payments on this debt in the last year? If so, and the contractor believes further collections are possible, the contractor shall not recommend the debt for WOC, but shall continue collection efforts for MSP and Non-MSP debts.*
- 2. Has the debtor submitted any Medicare claims in the last 6 months? If so, and the contractor believes further collections are possible, the contractor shall not recommend the debt for WOC, but shall continue collections efforts.*
- 3. Is the debtor receiving Medicaid funds? If so, the contractor shall not recommend the debt for WOC. The contractor shall instead contact the CMS RO to institute an offset, and shall continue collection efforts.*
- 4. If applicable, did the debtor undergo a Change of Ownership (CHOW) (a new owner who opts to receive automatic assignment of the old owner's provider agreement)?*

*If so, the contractor shall determine if collection efforts were pursued from the new owner.*

*(a) If so, the contractor shall recommend for WOC*

*(b) If not, the contractor shall follow the normal policies and procedures for debts collection.*

- 5. If applicable, did the debtor file any cost reports that the contractor has not yet settled?*

*If so, the contractor shall not recommend the debt for WOC. Instead, the contractor shall await settlement of the cost report to determine whether it results in an underpayment. If it does result in an underpayment, the contractor shall apply any funds due to the provider to any outstanding debts first, before releasing any funds to the debtor*

- 6. If applicable, does the debtor have any outstanding unfiled cost reports less than 1 year overdue?*

*If so, the contractor shall not recommend the debt for WOC. Instead, the contractor shall await filing and settlement of the cost report to determine whether it results in an underpayment. If it does result in an underpayment, the contractor shall apply any funds due to outstanding debts first, before releasing any funds.*

- 7. If applicable, does the debtor have any funds in suspense due to an unfiled cost report? If so, and the provider has been terminated from the Medicare Program, the contractor shall apply the funds in suspense to recover the debt or any other outstanding debts for the provider.*

8. *If applicable, does the debtor have any claims or cost reports subject to re-opening?*

*If so, the contractor shall not recommend the debt for WOC. Instead, the contractor shall wait until the expiration of the reopening period. If a cost report reopening during this period results in an underpayment, the contractor shall apply the underpayment to recover the debt or any other outstanding debts for the debtor, before releasing any funds.*

9. *Does the debtor have any open appeal(s)? If so, the contractor shall not recommend the debt for WOC. Instead, the contractor shall await the final determination on the appeal(s), and apply any funds due from a favorable decision to any outstanding debts first, before releasing any funds.*

10. *Does the debtor have an active fraud case? If so, the contractor shall not recommend the debt for WOC. Instead, the contractor shall forward the debt to the appropriate Program Safeguard Contractor (PSC) or the Zone Program Integrity Contractor (ZPIC) or CMS Centers for Program Integrity that has the open fraud case.*

*If the contractors have considered all of the above criteria above and are recommending the debts for WOC, the contractors shall submit a request to the CMS RO for approval. The contractor shall submit two separate reports for debts in RU status: 1) Debts in RU status with a principal balance of \$500,000 or less and 2) Debts in RU status with a principal balance greater than \$500,000.*

*The contractor shall also submit two separate reports to the CMS RO for debts in RN status: 1) Debts in RN status with a principal balance of \$100,000 or less and 2) Debts in RN status with a principal balance greater than \$100,000.*

*The CMS RO will review the contractor's recommendation and proceed as follows: 1) All debts with a principal balance greater than \$25,000 must have the concurrence of the CMS RO OGC before approval for WOC by the RO is granted and 2) All debts with a principal balance less than \$25,000 maybe approved by the RO; these debts do not require OGC concurrence to WOC.*

*The above criteria allow the contractors to confirm that all appropriate methods of collection were completed before recommending debts for WOC. The contractors may use the suggested format or choose a similar format of their own to submit WOC information. Any format used shall include the Contractor Validation statement below with each submission:*

**Contractor Validation:**

***We recommend these debts for termination of collection action, close out and write-off-closed. We considered all criteria in section 70.17.2 in making this recommendation.***

**Total debts recommend for Write-Off-Closed:**

**Number of Debts: \_\_\_\_\_ Principal Balance: \_\_\_\_\_ Interest Balance:**

\_\_\_\_\_

**Signature of Medicare Contractor CFO: \_\_\_\_\_ Date:**

\_\_\_\_\_

*The Debts recommended for WOC that do not meet the above criteria shall remain open until the criteria for WOC has been met. The contractors shall report these debts on the appropriate line of the CMS Forms 751 or the Treasury Report on Receivables (TROR) to indicate Treasury has RTA the debts but the WOC process has not been completed. (See CMS Pub 100-06, chapter 4, section 70.15.4) The contractors shall submit a report of the debts recommended for WOC to the CMS RO using established procedures for recommending debts for WOC.*

*Once CMS approves the debts for WOC, the contractors shall complete the WOC process and make all appropriate adjustments on CMS Form 751 or the TROR. The contractors shall update debts approved for WOC to status code 2W (Non-MSP WOC) in DCS. The contractors shall add a comment on the DCS comment screen reflecting the date of the RTA report in which the WOC debts appear on and the financial statement reporting quarter in which the debts were closed.*

### ***71.17.3 - Debts RTA by Treasury as Dispute Response not Received Timely (RX) (Rev. 198, Issued: 10-27-11, Effective: 11-01-11, Implementation: 11-28-11)***

*The Treasury returns debts with this status code because the dispute response was not received timely. The debts in this status will update to RX (RTA - Dispute Timer Expired) in DCS, if the debt was still in a dispute status code or was updated to UJ or UX (Dispute Resolved, Debt Returned for Cross-Servicing). The contractor shall research and resolve the debts in RX status in order to determine the current status of the debts. No further action is necessary if the debts are already in a recalled status. The contractors shall add a comment on the DCS comment screen reflecting any action taken, the date of the RTA report in which the debts appear on and the financial statement reporting quarter in which the debts were resolved.*

If the debts are still valid and eligible for referral to Treasury, *the contractors* shall re-enter debts as new entries in DCS, even if a response to the disputes were previously submitted to Treasury. *The contractors* shall not issue a second Intent to Refer letter (IRL). However, the contractors shall change the status code of the original debt in DCS from RX to 2R (*See Exhibit 4 of this section, the DCS User Guide, Section 2.1*). If the final determination indicates that the debts should be in recall status, *the contractors* shall update the original debts in DCS from RX to the appropriate recall status code.

### ***70.17.4 - Debts RTA by Treasury as a Miscellaneous Dispute, a Manual RTA, Complaint or as Recall Approved (RD) (Rev. 198, Issued: 10-27-11, Effective: 11-01-11, Implementation: 11-28-11)***

*The CMS updates the DCS to status code RD if the debts are not already in a recalled status. The contractors shall research and resolve debts in status code RD and update the DCS with the final disposition of the debts. If any debts are still valid and eligible for referral to Treasury, the contractors shall change the status code of the debts from RD to 2R and re-enter the debts as new entries in the DCS to be resubmitted to Treasury. The contractors shall not issue a second Intent to Refer letter (IRL) for the debts. (See Exhibit 4 of this section, the DCS User Guide, Section 2.1). Lastly, the contractors shall add a comment on the DCS comment screen reflecting any action taken, the date of the RTA report in which the debts appear on and the financial statement reporting quarter in which the debts were resolved.*

***70.17.5 - Debts RTA by Treasury as Paid in Full (RP), Satisfied Payment Agreement (RP) or Satisfied Compromise (RC)***  
***(Rev. 198, Issued: 10-27-11, Effective: 11-01-11, Implementation: 11-28-11)***

The CMS updates debts in the DCS to the above status codes unless the debts *are* already in a paid in full status. *If the principal balance of the debts in DCS and in the contractor's internal systems are \$100 or less, the contractors shall update the DCS status code from RP to 2Q (Cross-Servicing Collection – Paid-in-Full) or RC to 2C (Cross Servicing Collection – System Compromise) as applicable. The contractors shall* close out the debts in their internal systems and any balance shall be adjusted to zero.

*If the principal balance of the debts in the DCS and the contractors' internal systems has a negative balance, the contractors shall update the DCS using the codes listed above. The contractors shall analyze the payments received and determine if a refund should be issued (See CMS Pub. 100-06, chapter 4, section 70.14.8). If it is determined a refund is valid, the contractors shall follow procedures for applying excess collections and update their internal systems as well as the DCS to reflect any refund given (See CMS Pub. 100-06, chapter 4, section 70.14.8).*

If the principal balance of the debts in DCS and in *the contractors'* internal system is greater than \$100, these debts shall remain in status codes RP or RC in DCS. *The CMS will issue additional* instructions regarding the debts *for this workload in the future.*

*The contractor shall consider these debts as paid in full and shall annotate their internal systems accordingly so that no additional collections are applied to these debts. The contractors shall add a comment on the DCS comment screen reflecting any action taken, the date of the RTA report in which the debts appear on and the financial statement reporting quarter in which the debts were resolved.*