

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-06 Medicare Financial Management	Centers for Medicare & Medicaid Services (CMS)
Transmittal:12968	Date: November 21, 2024
	Change Request 13652

SUBJECT: Requirements for Adjusting/Demanding and Reporting Office of the Inspector General (OIG) Identified Overpayments

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to provide instructions for the adjusting/demanding and reporting of overpayments identified during the Office of the Inspector General (OIG) audits.

EFFECTIVE DATE: December 23, 2024

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

IMPLEMENTATION DATE: December 23, 2024

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	4/Table of Contents
N	4/140/Requirements for Adjusting, Demanding, and Reporting Office of the Inspector General (OIG) Identified Overpayments

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 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**

Attachment - Business Requirements

Pub. 100-06	Transmittal: 12968	Date: November 21, 2024	Change Request: 13652
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SUBJECT: Requirements for Adjusting/Demanding and Reporting Office of the Inspector General (OIG) Identified Overpayments

EFFECTIVE DATE: December 23, 2024

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

IMPLEMENTATION DATE: 30 days from issuance

December 23, 2024

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to provide instructions for the adjusting/demanding and reporting of overpayments identified during the Office of the Inspector General (OIG) audits.

II. GENERAL INFORMATION

A. Background: The purpose of this CR is to provide instructions for the adjusting/demanding and reporting of overpayments identified during the Office of the Inspector General (OIG) audits. The OIG conducts audits of CMS and its programs. As a result, it may identify overpayments based on its findings. The OIG recommends CMS to direct its contractors to recover these overpayments from providers or issue provider notifications letters to instruct providers to conduct a self-audit and return any identified overpayments. The contractors are required to adjust/demand and report any collections related to these overpayments.

B. Policy: Overpayments are Medicare payments a provider or beneficiary has received in excess of amounts due and payable under the statute and regulations. Once a determination of an overpayment has been made, the amount is a debt owed by the debtor to the United States Government. Under the Federal Claims Collection Act of 1966, as amended, each agency of the Federal Government (pursuant to regulations jointly promulgated by the Attorney General and the Comptroller General of the U.S.) must attempt collection of claims of the Federal Government for money arising out of the activities of the agency.

III. BUSINESS REQUIREMENTS TABLE

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

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
13652.1	The contractor shall receive a technical direction letter (TDL), a file(s) containing the OIG identified overpayment data for each applicable audit recommendation, and a template for reporting collections for all OIG audits (internal (national) and external (provider/contractor specific)).	X	X	X	X					

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
13652.2	The contractor shall begin initiating the adjustment of the claims provided in the overpayment file and issue demand letters to recover any overpayments within 30 calendar days of the TDL's issuance. However, claims that are approaching the end of the 4-year claim reopening period (42 CFR § 405.980(b)(2)) shall be adjusted as soon as possible to avoid the claims being ineligible for reopening and adjustment.	X	X	X	X					
13652.2.1	The contractor shall notify CMS if it anticipates significant delays in completing the claim adjustments within 60 calendar days of the TDL's issuance as a result of a large volume of claims.	X	X	X	X					
13652.2.2	The contractor shall sort the claims by the claim payment date to identify the claims that are approaching the expiration of the 4-year claim reopening period. The contractor shall begin to adjust the oldest claims first.	X	X	X	X					
13652.2.3	However, for external audits where the OIG recommended CMS to recover an extrapolated amount, the contractor shall make history only adjustments for the sample claims that the OIG determined to be errors, which will suppress individual overpayments from being sent to the Healthcare Integrated General Ledger Accounting System (HIGLAS) for the sample claims.	X	X	X	X					

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
13652.3	The contractor shall insert the 13-digit alpha-numeric/special character OIG report number and the 2-digit alpha-numeric recommendation number, including hyphens and underscore, into the new (VMS) or existing (FISS and MCS) descriptive field for OIG related adjustments.	X	X	X	X					
13652.3.1	The contractor shall ensure that the OIG audit and recommendation number are in the form of "A-01-12-34567_R1."	X	X	X	X					
13652.4	The contractor shall receive a technical direction letter (TDL), a file(s) containing the OIG identified overpayments or a listing of providers for each applicable audit recommendation, a notification letter template, and a reporting template for provider responses and collections.	X	X	X	X					
13652.5	<p>The contractor shall utilize the notification letter template to draft and issue provider notification letters within 30 days of receiving the claims/provider listing file to inform each individual provider of the potential overpayments that were identified by the OIG.</p> <p>The notification letters will notify the provider of the OIG's audit, instruct providers to conduct a self-audit of potential identified overpayments and/or any others that are within the six year "look back" period. The notification letter shall also inform the provider that it can return any self-identified</p>	X	X	X	X					

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	overpayments via provider-initiated claims adjustments, request for the MACs to adjust the claims, send a check, or negotiate an extended repayment schedule (ERS). The provider notification letter will only include a listing of claim/document control numbers (CCN/DCN) or the provider listing in or with the provider's notification letter.									
13652.6	The contractor shall only adjust or cancel claims after receiving instructions from the provider in response to the notification letter.	X	X	X	X					
13652.7	The contractor shall re-send the provider notification letter, for external audits only , if a provider does not respond to the initial provider notification letter within three months.	X	X	X	X					
13652.7.1	The contractor shall re-send the follow up letter within 30 calendar days after the first reporting cycle concludes.	X	X	X	X					
13652.8	The contractor shall report collections as specified in the TDL. To allow time for the contractor to generate a collection report, the collection cut-off date shall be no sooner than five business days before the end of the specified reporting period.	X	X	X	X					
13652.8.1	The contractor shall continue to report any additional collection activity during subsequent quarter ending reporting periods if there are any substantial balances remaining after the last reporting period.	X	X	X	X					

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
13652.9	<p>The contractors shall utilize the collections reporting template for the regular claim adjustments that include the following required fields such as:</p> <ul style="list-style-type: none"> • Contractor jurisdiction and workload numbers • TDL number • OIG audit and recommendation number • Amount(s) of overpayments identified or extrapolated by the OIG • Amount(s) demanded • Amount(s) not demanded and the reason(s) for not demanding • Other Collections and the reason(s) for Other Collections • Monthly or Quarterly amount collected • Cumulative amount collected (less appeals reversal) • Outstanding balance on the overpayments demanded from this audit • Appeals reversal amount 	X	X	X	X					
13652.10	<p>The contractor shall provide a separate collection report for each individual audit recommendation. Each report will only include the collections for a particular audit recommendation. Collection spreadsheet reports will contain only VALUES and no circular references or formulas.</p>	X	X	X	X					

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
13652.11	The contractor shall include a HIGLAS screenshot of each transaction that ties its collection report, for external audits. The screenshot shall include the transaction screen and the details of the balance which will include all receipts, credits/refunds, and adjustments.	X	X	X	X					
13652.12	The contractor shall report provider responses/collections quarterly (March, June, September, and December) as specified in the TDL. To allow time for the contractor to generate a collection report, the collection cut-off date shall be no sooner than five business days before the end of a quarter.	X	X	X	X					
13652.13	The contractors shall utilize the provider response/collections template for provider self-identified overpayments that include the following required fields: <ul style="list-style-type: none"> • OIG audit number and recommendation number • TDL number • Contractor jurisdiction and workload numbers • Provider Number • National Provider Identifier (NPI) • Did the provider respond to notification letter? • Did the provider concur or non-concur? • Amounts of Provider's potential overpayments identified by the OIG • Method of repayment • Reporting Period (Quarter Ending) 	X	X	X	X					

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	<ul style="list-style-type: none"> Quarterly amount returned Total amount returned Claim adjustments or payment method verified? Extended repayment schedule (ERS) requested? 									
13652.14	The contractor shall provide a separate provider response/collection report for each individual audit recommendation. Each report shall only include the collections for a particular audit recommendation. Collection spreadsheet reports shall contain only VALUES and no circular references or formulas.	X	X	X	X					

IV. PROVIDER EDUCATION

None

Impacted Contractors: None

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

VI. CONTACTS

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VII. 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 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.

ATTACHMENTS: 0

Medicare Financial Management Manual

Chapter 4 – Debt Collection

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(Rev.12968; Issued: 11-21-24)

140 – Requirements for Adjusting, Demanding, and Reporting Office of the Inspector General (OIG) Identified Overpayments

140 – Requirements for Adjusting, Demanding, and Reporting Office of the Inspector General (OIG) Identified Overpayments

(Rev.12968; Issued: 11-21-24; Effective: 12-23-24; Implementation: 11-23-24)

For purposes of these instructions, the term Provider, Physician and other Supplier will be referred to as “Provider”.

1. Regular Claim Adjustments

For all audits (internal (national) and external (provider specific)), the contractor shall receive a technical direction letter (TDL), a file(s) containing the OIG identified overpayment data for each applicable audit recommendation, and a template for reporting collections.

The contractor shall begin initiating the adjustment of the claims provided in the overpayment file and issue demand letters to recover any overpayments within 30 calendar days of the TDL’s issuance. However, claims that are approaching the end of the 4-year claim reopening period (42 CFR § 405.980(b)(2)) shall be adjusted as soon as possible to avoid the claims being ineligible for adjustment. The contractor shall notify CMS if it anticipates significant delays in completing the claim adjustments within 60 calendar days of the TDL’s issuance as a result of a large volume of claims. The contractor shall sort the claims by the claim payment date to identify the claims that are approaching the expiration of the 4-year claim reopening period. The contractor shall begin to adjust the oldest claims first. However, for external audits where the OIG recommended CMS to recover an extrapolated amount, the contractor shall make history only adjustments for the sample claims that the OIG determined to be errors, which will suppress individual overpayments from being sent to the Healthcare Integrated General Ledger Accounting System (HIGLAS) for the sample claims.

The contractor shall insert the 13-digit alpha-numeric/special character OIG report number and the 2-digit alpha-numeric recommendation number, including hyphens and underscore, into the new (VMS) or existing (FISS and MCS) descriptive field for OIG related adjustments. The contractor shall ensure that the OIG audit and recommendation number are in the form of "A-01-12-34567_R1."

2. Provider Self-Identified Overpayments (42 CFR § 401.305) (60-Day Rule)

- The contractor shall receive a technical direction letter (TDL), a file(s) containing the potential OIG identified overpayments or a listing of providers for each applicable audit recommendation, a notification letter template, and a reporting template for provider responses and collections.*
- The contractor shall utilize the notification letter template to draft and issue provider notification letters within 30 days of receiving the claims/provider listing file to inform each individual provider of the potential overpayments that were identified by the OIG. The notification letters shall notify the provider of the OIG’s audit, instruct providers to conduct a self-audit of potential identified overpayments and/or any others that are within the six year “look back” period. The notification letter will also inform the provider that it can return any self-identified overpayments via provider-initiated claims adjustments, request for the MACs to adjust the claims, send a check, or negotiate an extended repayment schedule (ERS).*
- The provider notification letter shall only include a listing of claim/document control numbers (CCN/DCN) or the provider listing in or with the provider’s notification letter.*
- The contractor shall only adjust or cancel claims after receiving instructions from the provider in response to the notification letter.*
- For external audits only: If a provider does not respond to the initial provider notification letter within three months, the contractor shall re-send the provider notification letter. The contractor shall re-send the follow up letter within 30 calendar days after the first reporting cycle concludes.*

3. Reporting Overpayment Collections

a. Regular Claim Adjustments

- *The contractor shall report collections as specified in the TDL. To allow time for the contractor to generate a collection report, the collection cut-off date shall be no sooner than five business days before the end of the specified reporting period.*

If there are any substantial balances remaining after the last reporting period, the contractor shall continue to report any additional collection activity during subsequent quarter ending reporting periods.

- *The collections reporting template for the regular claim adjustments will include the following required fields such as:*
 - *Contractor jurisdiction and workload numbers*
 - *TDL number*
 - *OIG audit and recommendation number*
 - *Amount(s) of overpayments identified or extrapolated by the OIG*
 - *Amount(s) demanded*
 - *Amount(s) not demanded and the reason(s) for not demanding*
 - *Other Collections and the reason(s) for Other Collections*
 - *Monthly or Quarterly amount collected*
 - *Cumulative amount collected (less appeals reversal)*
 - *Outstanding balance on the overpayments demanded from this audit*
 - *Appeals reversal amount*
- *The contractor shall provide a separate collection report for each individual audit recommendation. Each report shall only include the collections for a particular audit recommendation. Collection spreadsheet reports shall contain only VALUES and no circular references or formula.*
- *For external audits, the contractor shall include a HIGLAS screenshot of each transaction that ties its collection report. The screenshot shall include the transaction screen and the details of the balance which will include all receipts, credits/refunds, and adjustments.*

b. Provider Self-Identified Overpayments (42 CFR § 401.305)

- *The contractor shall report provider responses/collections quarterly (March, June, September, and December) as specified in the TDL. To allow time for the contractor to generate a collection report, the collection cut-off date shall be no sooner than five business days before the end of a quarter.*
- *The provider response/collections template provided during TDL issuance will include the following required fields:*
 - *OIG audit number and recommendation number*
 - *TDL number*
 - *Contractor jurisdiction and workload numbers*
 - *Provider Number*
 - *National Provider Identifier (NPI)*
 - *Did the provider respond to notification letter?*
 - *Did the provider concur or non-concur?*
 - *Amounts of Provider's potential overpayments identified by the OIG*

- *Method of repayment*
- *Reporting Period (Quarter Ending)*
- *Quarterly amount returned*
- *Total amount returned*
- *Claim adjustments or payment method verified?*
- *Extended repayment schedule (ERS) requested?*

- *The contractor shall provide a separate provider response/collection report for each individual audit recommendation. Each report shall only include the collections for a particular audit recommendation. Collection spreadsheet reports shall contain only VALUES and no circular references or formulas.*