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| CMS Manual System | Department of Health & Human Services (DHHS) |
| Pub 100-08 Medicare Program Integrity | Centers for Medicare & Medicaid Services (CMS) |
| Transmittal 149 | Date: JUNE 30, 2006 |
| | Change Request 5115 |

SUBJECT: Notification to Provider(s) or Supplier(s) Regarding Postpayment Review Results

I. SUMMARY OF CHANGES:

NEW / REVISED MATERIAL

EFFECTIVE DATE: July 31, 2006

IMPLEMENTATION DATE: July 31, 2006

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:

R=REVISED, N=NEW, D=DELETED

| R/N/D | CHAPTER / SECTION / SUBSECTION / TITLE |
|--------------|--|
| R | 3/3.6.5/Notification of Provider(s) or Supplier(s) and Beneficiaries of the Postpayment Review Results |

III. FUNDING:

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets.

IV. ATTACHMENTS:

Business Requirements

Manual Instruction

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

Attachment - Business Requirements

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|--------------|------------------|---------------------|---------------------|
| Pub. 100- 08 | Transmittal: 149 | Date: June 30, 2006 | Change Request 5115 |
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SUBJECT: Notification to Provider(s) or Supplier(s) Regarding Postpayment Review Results

I. GENERAL INFORMATION

A. Background: Contractor medical review staff must prepare a letter to notify each provider or supplier of the results of the postpayment review. This letter includes beneficiary data, e.g., names and health insurance claim numbers.

B. Policy: In situations where the contractor is aware that the provider or supplier is no longer occupying a physical address, the notification letter shall only reference the claim control numbers and not list the individual beneficiary data.

C. Provider Education: None.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

| Requirement Number | Requirements | Responsibility ("X" indicates the columns that apply) | | | | | | | | |
|--------------------|--|---|-----------------------|---------------------------------|-----------------------|---------------------------|-------------|-------------|-------------|-------|
| | | F I R I S S | R H I S S | C a r r i e r | D M E R C | Shared System Maintainers | | | | Other |
| | | | | | | F I S S | M C S | V M S | C W F | |
| 5115.1 | When the contractor is aware that the provider or supplier is no longer occupying a physical address, the notification letter shall only reference the claim control numbers and not list the individual beneficiary data, e.g., names and health insurance claim numbers. | X | | X | | | | | | PSC |
| 5115.2 | Contractors shall maintain any notification letters returned from the post office in their files. | X | | X | | | | | | PSC |
| 5115.3 | If contacted by the provider or supplier, contractors shall be able to convert the claim control numbers to the appropriate individual beneficiary data. | X | | X | | | | | | PSC |

| Requirement Number | Requirements | Responsibility (“X” indicates the columns that apply) | | | | | | | | |
|--------------------|---|---|-------------|---------------------------------|-----------------------|---------------------------|-------------|--|--|-------|
| | | F I | R H I | C a r r i e r | D M E R C | Shared System Maintainers | | | | Other |
| F I S S | M C S | | | | | V M S | C W F | | | |
| 5115.4 | Once converted, contractors shall mail this information to the provider or supplier as requested. | X | | X | | | | | | PSC |

III. PROVIDER EDUCATION

| Requirement Number | Requirements | Responsibility (“X” indicates the columns that apply) | | | | | | | | |
|--------------------|--------------|---|-------------|---------------------------------|-----------------------|---------------------------|-------------|--|--|-------|
| | | F I | R H I | C a r r i e r | D M E R C | Shared System Maintainers | | | | Other |
| F I S S | M C S | | | | | V M S | C W F | | | |
| | None | | | | | | | | | |

IV. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

| X-Ref Requirement # | Instructions |
|---------------------|--------------|
| | |

B. Design Considerations: N/A

| X-Ref Requirement # | Recommendation for Medicare System Requirements |
|---------------------|---|
| | |

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

V. SCHEDULE, CONTACTS, AND FUNDING

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| Effective Date*: July 31, 2006 Implementation Date: July 31, 2006 Pre-Implementation Contact(s): Patricia Snyder 410-786-5991 Post-Implementation Contact(s): Patricia Snyder | No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2006 operating budgets. |
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***Unless otherwise specified, the effective date is the date of service.**

3.6.5 – Notification of Provider(s) or Supplier(s) and Beneficiaries of the Postpayment Review Results

(Rev.149, Issued: 06-30-06, Effective: 07-31-06, Implementation: 07-31-06)

This section applies to all three types of postpayment reviews (error validation reviews, statistical sampling for overpayment estimation reviews, and consent settlement reviews).

A. Provider or Supplier Notification

Contractor MR staff must prepare a letter to notify each provider or supplier of the results of the postpayment review. These letters may (but are not required to) contain a demand for repayment of any overpayments they may have made. Some contractors may wish to have another department issue the actual demand letter. Contractors must notify the provider(s) that the postpayment review has been completed even in those instances where no corrective actions or overpayments are involved.

Contractors must send the Notification of Postpayment Review Results to each provider or supplier within 60 days of the exit conference (for provider or supplier site reviews) or receipt of medical records (for contractor site reviews). If the contractors need more than 60 days, they are to contact their RO (for PSCs, the Primary GTL, Associate GTL, and SME) for an extension. Each letter must include:

- Identification of the provider(s) or supplier(s)--name, address, and provider or supplier number;
- The reason for conducting the review;
- A narrative description of the overpayment situation: state the specific issues involved which created the overpayment and any pertinent issues as well as any recommended corrective actions the provider should consider taking;
- The findings for each claim in the sample, including a specific explanation of why any services were determined to be non-covered, or incorrectly coded; A list of all individual claims including the actual amounts determined to be noncovered, the specific reason for noncoverage, the amounts denied, the amounts which will not be recovered from the provider or supplier, under/overpayment amounts and the §§1879 and 1870 determinations made for each specific claim;
- For statistical sampling for overpayment estimation reviews, any information required by PIM, chapter 3, section 3.10.4.4;
- Total underpayment amounts;
- Total overpayment amounts for which the provider or supplier is responsible;

- Total overpayment amounts for which the provider or supplier is not responsible because the provider or supplier was found to be without fault;
- Intermediaries must include an explanation that subsequent adjustments may be made at cost settlement to reflect final settled costs;
- An explanation of the provider's or supplier's right to submit a rebuttal statement prior to recoupment of any overpayment (see PIM Chapter 3, Section 3.6.6);
- An explanation of the procedures for recovery of overpayments including Medicare's right to recover overpayments and charge interest on debts not repaid within 30 days, and the provider's or supplier's right to request an extended repayment schedule;
- The provider or supplier appeal rights; and
- A discussion of any additional corrective actions or follow-up activity the contractor is planning (i.e., prepayment review, re-review in 6 months).

Contractors may send the final notification letter by certified mail and return receipt requested.

When the contractor is aware that the provider or supplier is no longer occupying a physical address, the notification letter shall only reference the claim control numbers and not list the individual beneficiary data, e.g., names and health insurance claim numbers.

The following are situations where the contractor can assume the provider or supplier no longer occupies the location. This list is not exhaustive and the contractor shall use discretion in other situations.

- 1. The contractor has on file mail that has been returned by the post office indicating the provider or supplier no longer occupies the address or the address is unknown;*
- 2. An onsite visit has confirmed the address is vacant or is occupied by another occupant; or*
- 3. A beneficiary complaint(s) is on record stating the provider or supplier is no longer at the address. A follow-up telephone call is made and confirmed that the provider or supplier is no longer at the address.*

In the above situations, the contractor shall only mail the notification letter with the claim control number stating the overpayment amount and advising the provider or supplier to contact the contractor for a listing of the specific claims associated with the overpayment. This process will prevent the potential compromise of Medicare beneficiary names and/or HIC numbers being sent to an abandoned address (or a

location with a new occupant). If the letter is returned from the post office, maintain the notification on file for evidence.

B. Beneficiary Notification

Contractors must also notify each beneficiary when re-adjudication of the claim results in a change to the initial determination. This can be done via an MSN or individual letter. In the case where a sample of claims is extrapolated to the universe, only those beneficiaries in the sample need to be notified.