CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 380	Date: October 3, 2008
	Change Request 6228

SUBJECT: Reporting Non-Tax Withholding Due to Federal Payment Levy Program (FPLP)

I. SUMMARY OF CHANGES: The purpose of this CR is to instruct the HIGLAS contractors and Shared System Maintainers to make the necessary programming changes to notify the payee that a non-tax debt subject to FPLP is owed; an amount was withheld from their payment; and to instruct the payee to contact the FMS/Treasury regarding questions associated with the reduction. Due to current privacy rules and regulations, only the FMS/Treasury may discuss the non-tax debt issue with the payee.

The non-tax FPLP withholding is authorized under: The Medicare Improvements for Patients and Providers Act of 2008. Section 189(a) and Section 189(b) require that CMS fully implement the FPLP for Medicare payments and incorporates the non-tax debt levy against Medicare payments. This provision removes the restriction that Medicare Fee-For-Service (FFS) payments are only subject to tax levy. Non-tax debt offsets will also be levied against the Medicare providers to repay unpaid debts owed to other Federal agencies.

NEW / REVISED MATERIAL
EFFECTIVE DATE: *January 1, 2009
IMPLEMENTATION DATE: January 5, 2009

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:
SECTION A: For Fiscal Intermediaries and 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.

IV. ATTACHMENTS:

One-Time Notification

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

Attachment – One-Time Notification

Pub. 100-20	Transmittal: 380	Date: October 3, 2008	Change Request: 6228

SUBJECT: Reporting Non-Tax Withholding Due to Federal Payment Levy Program (FPLP)

EFFECTIVE DATE: January 1, 2009

IMPLEMENTATION DATE: January 5, 2009

I. GENERAL INFORMATION

A. Background: Federal Payment Levy Program

In July 2000, the Internal Revenue Service (IRS), in conjunction with the Department of the Treasury, Financial Management Service (FMS), started the Federal Payment Levy Program (FPLP) which is authorized by Internal Revenue Code, Section 6331 (h), as prescribed by the Taxpayer Relief Act of 1997, Section 1024. Through this program, authority is provided to CMS to collect overdue taxes through a levy on certain federal payments; this includes federal payments made to providers, contractors and vendors doing business with the government. CMS intends to implement FPLP withholding for tax debt through CR 6125 beginning October 2008.

Importantly, Section 189(a) and Section 189(b) of the Medicare Improvements for Patients and Providers Act of 2008 requires that CMS fully implement FPLP for Medicare payments to include the non-tax debt levy against Medicare payments. Similar to the tax debt FPLP withholding detailed in CR 6125, the non-tax debt offsets will also be levied against the Medicare providers to repay unpaid debts owed to other Federal agencies, such as educational loans.

Consistent with this authority, CMS may reduce federal payments subject to the non-tax levy by 100 percent, or the exact amount of the non-tax debt owed if it is less than 100 percent of the payment. The levy is continuous until the non-tax debt is paid in full, or other arrangements are made to satisfy the debt. Similar to the process outlined for reporting FPLP tax withholding in CR 6125, each time a federal payment is levied for non-tax withholding, CMS will notify the payee in the Remittance Advice which federal payment was levied, indicate the amount withheld, and provide the toll free FMS/Treasury telephone number (800-304-3107) the payee should contact for resolution (note: the toll free telephone number for FMS/Treasury on the Remittance Advice for the payee to contact with questions regarding non-tax withholding is not the same as the toll free IRS/Treasury number for questions regarding tax withholding). If the amount of the withholding through FPLP exceeds the total non-tax debt owed by the payee, the Treasury is responsible for refunding the overpayment to the payee.

Conditions for non-tax FPLP withholding:

Medicare Provider Payment Offset priority order: 1) Medicare AR debt, 2) FPLP Offsets for Federal Tax debt at 15% maximum of the payable amount, 3) Administrative Offsets for Federal Non-Tax debt at 100% of the payable amount, and 4) Third-Party Payments (TPP).

CMS will collect the oldest debts first within each payment offset priority category, namely the FPLP Offsets for Federal Tax debt and the Administrative Offsets for Federal Non-Tax debt. (Note: CMS has requested Treasury to relax this criterion and send **one** aggregate debt by matched provider taxpayer identification number (TIN) for each category; Treasury is currently reviewing this request for feasibility.)

CMS will implement a minimum $25 threshold for tax and non-tax debt offsets in HIGLAS.

CMS over-collections of FPLP Federal Tax debt or Administrative Offsets for Federal Non-Tax debt will be handled by Treasury who will process refunds to the Medicare providers.

5) The PLB reason code to indicate FPLP non-tax withholding on the Remittance Advice shall be "ZZ".

These business requirements only apply to HIGLAS contractors. HIGLAS, specifically the Oracle Financials component, will deduct the monies for the FPLP non-tax offset and send a HIGLAS 835 to the contractor data center where the Remittance Advice is generated. The Flat Files and the Companion Documents will be updated and posted before this CR is implemented.

The purpose of this CR is to instruct the HIGLAS contractors and Shared System Maintainers to make the necessary programming changes to notify the payee that a non-tax debt subject to FPLP is owed; an amount was withheld from their payment; and to instruct the payee to contact the FMS/Treasury (800-304-3107) regarding questions associated with the reduction. Due to current privacy rules and regulations, only the FMS/Treasury may discuss the non-tax debt issue with the payee.

B.   Policy: The non-tax FPLP withholding is authorized under: The Medicare Improvements for Patients and Providers Act of 2008. Section 189(a) and Section 189(b) require that CMS fully implement the FPLP for Medicare payments and incorporates the non-tax debt levy against Medicare payments. This provision removes the restriction that Medicare Fee-For-Service (FFS) payments are only subject to tax levy. Non-tax debt offsets will also be levied against the Medicare providers to repay unpaid debts owed to other Federal agencies, such as educational loans.

II.   BUSINESS REQUIREMENTS TABLE
Use"Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B MAC	D ME MAC	F I	C A R R I E R	R H H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
6228.1	HIGLAS, FISS, and MCS shall make the necessary changes to their respective current systems to insert the PLB Reason code "ZZ" to indicate withholding due to non-tax FPLP in the data field PLB03-1 in the HIGLAS and the HIPAA 835 respectively.						X	X			HIGLAS
6228.2	HIGLAS, FISS, and MCS shall make the necessary changes to their respective current systems to insert the amount of non-tax withholding as sent by HIGLAS in the data field PLB04 in the HIGLAS and the HIPAA 835 respectively. Note: FISS and MCS do not have to calculate or verify the non-tax withholding amount sent by HIGLAS.						X	X			HIGLAS
6228.3	HIGLAS, FISS, and MCS shall make the necessary changes to their respective current systems to insert the 10 digit FMS toll free telephone number 800-304-3107						X	X			HIGLAS

Number	Requirement	A/B MAC	DME MAC	FI	CARRIER	RHHI	FISS	MCS	VMS	CWF	OTHER
	in the data field PLB03-2 (position 19-30) in the HIGLAS 835. Note: the 10 digit FMS toll free telephone number requires 12 spaces in the data field in order to accommodate the two hyphens.										
6228.4	FISS and MCS shall make the necessary changes to their respective current systems to insert the 10 digit FMS toll free telephone number 800-304-3107 in the data field PLB03-2 (position 3-19) in the HIPAA 835 respectively. Note: the 10 digit FMS toll free telephone number requires 12 spaces in the data field in order to accommodate the two hyphens.						X	X			
6228.5	FISS and MCS shall populate the PLB data elements as mentioned in the business requirements 1,2, and 4 on both the standard electronic and paper remittance advice.						X	X			
6228.6	FISS shall make necessary changes in the 004010A1 835 Flat File, PLB segment (Record Sixty) all data elements for the adjustment identifier field to accommodate the FMS phone number.						X				
6228.7	FISS and VMS shall update PC Print and Medicare Remit Easy Print (MREP) software to reflect the changes in the business requirements 1, 2, 4, and 5.						X		X		
6228.8	Contractors using HIGLAS shall ensure that the 835 and the standard paper remittance advice are coded in compliance with the business requirements 1, 2, 4, and 5.	X		X	X						
6228.9	The contractors using HIGLAS shall make the necessary changes in order to transmit the withheld amount to FMS (Treasury) through EFT for every payment cycle; additionally, contractors shall note that: EFT payment pre-notification is not required; Schedule ID will be included with the EFT payment; PLB code M4 shall indicate payment to Treasury; PB shall indicate third party payment; NTD is the Payee ID; Remittance Advice is not necessary for the Treasury.	X		X	X						
6228.10	FISS and MCS shall program edits into the shared systems to include the routing/transit number and bank account number.						X	X			HIGLAS

Number	Requirement	A/B MAC	DME MAC	FI	CARRIER	RHHI	FISS	MCS	VMS	CWF	OTHER
6228.11	The contractors using HIGLAS shall validate that the routing transit number and bank account numbers are correct.	X		X	X						
6228.12	The FIs and A/B MACs shall make the necessary changes in their translators to accommodate the changes made by FISS associated with requirement 6. Note: a copy of Record Sixty is attached.	X		X							
6228.13	The shared systems shall make the necessary changes to the current systems to accept a manual payment for Treasury as a Third Party Payer (TPP) on the HIGLAS 835 file.						X	X			HIGLAS
6228.13.1	The HIGLAS 835 file shall contain NTD for the Treasury TPP in the payee ID field; the payee code shall be PB; and the payment type shall be ACH.						X	X			HIGLAS
6228.13.2	The HIGLAS 835 file shall contain a PLB code of M4 for the Treasury payment with the schedule ID in positions 6-14 of the invoice number on the PLB segment.						X	X			HIGLAS
6228.14	The shared systems shall generate an EFT payment for the Treasury manual payment.						X	X			HIGLAS
6228.14.1	The Treasury TPP payee ID from the HIGLAS 835 file shall be mapped to the EFT individual ID number.						X	X			HIGLAS
6228.14.2	The schedule ID from the HIGLAS 835 PLB segment shall be mapped to the EFT Addenda record.						X	X			HIGLAS
6228.15	The shared systems shall validate the Treasury bank account number, bank routing number, and the transit number.						X	X			HIGLAS
6228.15.1	The shared systems shall reject the Treasury manual payment if the bank account number on the HIGLAS 835 does not match the shared systems Treasury bank account number.						X	X			HIGLAS
6228.15.2	The shared systems shall reject the Treasury manual payment if the bank routing number on the HIGLAS 835 does not match the shared systems Treasury bank routing number.						X	X			HIGLAS
6228.16	PLB reason code "WU" shall continue to be used to indicate withholding due to tax FPLP as per CR 6125. For the following adjustments, PLB reason code "LE" shall replace currently used WU in the HIPAA 835: TPP – Garnishments						X	X			

Number	Requirement	A/B MAC	DME MAC	FI	CARRIER	RHHI	FISS	MCS	VMS	CWF	OTHER
	corresponding HIGLAS PLB X-01 code: L2										
	Third Party Payment - including Attorneys corresponding HIGLAS PLB X-01 code: L3										
	TPP - Child Support corresponding HIGLAS PLB X-01 code: L4										
	TPP – Alimony corresponding HIGLAS PLB X-01 code: L5										
	TPP - Secondary Corporation corresponding HIGLAS PLB X-01 code: L6										
	TPP - Change of Ownership corresponding HIGLAS PLB X-01 code: L7										
	HIGLAS, FISS, and MCS shall make the necessary changes to their respective current systems to insert the PLB reason code ""LE" to indicate any of the above adjustments.										

III. PROVIDER EDUCATION TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)

		A/B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
6228.17	A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X		X	X						

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): Edward.L.Berends@cms.hhs.gov

Post-Implementation Contact(s): Ed Berends (410)786-6560

VI. FUNDING

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

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.

ATTACHMENT: 4010 835 Flat File Record 60

RECORD SIXTY
Note: Repeat Greater than One

FIELD NO.	FIELD NAME	PIC	L/R	FROM	TO	LOOP ID	SEGMENT	ELEMENT	RQMT	COMMENTS
1	INTERMEDIARY NUMBER	X10	L	1	10					
2	PAYEE CHAIN ID NUMBER	X15	L	11	25					
3	PAYEE NUMBER/NPI	X15	L	26	40	Summary	PLB	01	M	Pg. 165
4	FISCAL PERIOD END (CCYYMMDD)	9(8)	R	41	48	Summary	PLB	02	M	Pg. 165
5	FACILITY TYPE CODE (TT)	X2	L	49	50					
6	PATIENT LAST NAME	X25	L	51	75					
7	INTERNAL CONTROL NUMBER	X30	L	76	105					
8	REMITTANCE ADVICE INDICATOR	X1	L	106	106					This indicator will be set based in information in the financial master file per provider.
9	FILLER	X11	L	107	117					
10	LINE SEQUENCE NUMBER	X3	L	118	120					
11	RECORD TYPE	X2	L	121	122					
12	CLAIM SEQUENCE NUMBER	X3	L	123	125					
13	PAYEE ADJ REASON CODE - 1	X2	L	126	127	Summary	PLB	03-1	M	Pg. 165 - 170
14	PAYEE ADJ IDENTIFIER CD - 1	X15	L	128	142	Summary	PLB	03-2	S	Pg. 165 - 170
15	PAYEE ADJ AMOUNT - 1	S9(9)V99	R	143	153	Summary	PLB	4	M	Pg. 170
16	PAYEE ADJ REASON CODE - 2	X2	L	154	155	Summary	PLB	05-1	S	Pg. 170
17	PAYEE ADJ IDENTIFIER CD - 2	X15	L	156	170	Summary	PLB	05-2	S	Pg. 170
18	PAYEE ADJ AMOUNT - 2	S9(9)V99	R	171	181	Summary	PLB	06	S	Pg. 170
19	PAYEE ADJ REASON CODE - 3	X2	L	182	183	Summary	PLB	07-1	S	Pg. 171
20	PAYEE ADJ IDENTIFIER CD - 3	X15	L	184	198	Summary	PLB	07-2	S	Pg. 171
21	PAYEE ADJ AMOUNT - 3	S9(9)V99	R	199	209	Summary	PLB	08	S	Pg. 171
22	PAYEE ADJ REASON CODE - 4	X2	L	210	211	Summary	PLB	09-1	S	Pg. 171
23	PAYEE ADJ IDENTIFIER CD - 4	X15	L	212	226	Summary	PLB	09-2	S	Pg. 171
24	PAYEE ADJ AMOUNT - 4	S9(9)V99	R	227	237	Summary	PLB	10	S	Pg. 171
25	PAYEE ADJ REASON CODE - 5	X2	L	238	239	Summary	PLB	11-1	S	Pg. 171
26	PAYEE ADJ IDENTIFIER CD - 5	X15	L	240	254	Summary	PLB	11-2	S	Pg. 172
27	PAYEE ADJ AMOUNT - 5	S9(9)V99	R	255	265	Summary	PLB	12	S	Pg. 172
28	PAYEE ADJ REASON CODE - 6	X2	L	266	267	Summary	PLB	13-1	S	Pg. 172
29	PAYEE ADJ IDENTIFIER CD - 6	X15	L	268	282	Summary	PLB	13-2	S	Pg. 172
30	PAYEE ADJ AMOUNT - 6	S9(9)V99	R	283	293	Summary	PLB	14	S	Pg. 172
31	Claims A/R Adjustment for Balancing	S9(9)V99	R	294	304					Used for Standard Paper Remitance
32	FILLER	X96	L	305	400					

1