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# CMS Manual System

## Pub. 100-06 Medicare Financial Management

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Department of Health & Human Services (DHHS)  
Centers for Medicare & Medicaid Services (CMS)

Transmittal 52

Date: AUGUST 3, 2004

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CHANGE REQUEST 2831

**NOTE: This transmittal replaces transmittal 51 dated August 2, 2004. There was an error on the Recurring Update Notification in section III A. The dates on the last two entries are incorrect. The correct dates are May 7, 2004 – August 8, 2004 (11.875%) and August 9, 2004 (11.75%). All other information in this Change Request remains the same.**

**SUBJECT: Notice of New Interest Rate for Medicare Overpayments and Underpayments**

**I. SUMMARY OF CHANGES:** To provide a quarterly update of the interest rate for Medicare overpayments and underpayments.

**CLARIFICATION–EFFECTIVE/IMPLEMENTATION DATE: August 9, 2004**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to the red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will only receive the new/revised information, and not the entire table of contents.*

### II. CHANGES IN MANUAL INSTRUCTIONS:

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
N/A	

### III. FUNDING: \*Medicare contractors only:

These instructions should be implemented within your current operating budget.

### IV. ATTACHMENTS:

	Business Requirements
	Manual Instruction
	Confidential Requirements

	<b>One-Time Notification</b>
<b>X</b>	<b>Recurring Update Notification</b>

## Recurring Update Notification

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**NOTE: This transmittal replaces transmittal 51 dated August 2, 2004. There was and error on the Recurring Update Notification in section III A. The dates on the last two entries are incorrect. The correct dates are May 7, 2004 – August 8, 2004 (11.875%) and August 9, 2004 (11.75%). All other information in this Change Request remains the same.**

### 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 2004) 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 **11.75 percent**.

**C. Provider Education:** None.

### II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

Requirement #	Requirements	Responsibility
2830.1	The Medicare contractor shall implement an interest rate of <b>11.75%</b> effective <b>August 9, 2004</b> for Medicare overpayments and underpayments.	All contractors

### III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

#### A. Other Instructions:

X-Ref Requirement #	Instructions
2830.1	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%
<b>August 9, 2004</b>	<b>11.75%</b>

**B. Design Considerations: N/A**

<b>X-Ref Requirement #</b>	<b>Recommendation for Medicare System Requirements</b>

**C. Interfaces: N/A**

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

**E. Dependencies: N/A**

**F. Testing Considerations: N/A**

**IV. OTHER CHANGES**

<b>Citation</b>	<b>Change</b>
N/A	

**SCHEDULE, CONTACTS, AND FUNDING**

<b>Effective Date:</b> August 9, 2004 <b>Implementation Date:</b> August 9, 2004 <b>Pre-Implementation Contact(s):</b> Tom Noplock (410) 786-3378 <b>Post-Implementation Contact(s):</b> Tom Noplock (410) 786-3378	<b>These instructions should be implemented within your current operating budget.</b>
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