
Medicare Carriers Manual Part 3 – Claims Process

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

Transmittal 1826

Date: OCTOBER 31, 2003

<u>HEADER SECTION NUMBERS</u>	<u>PAGES TO INSERT</u>	<u>PAGES TO DELETE</u>
Table of Contents – Chapter VII 7000 – 7602	1 - 8 (8 pp.) None	7-1 – 7-6.1 (6 pp.) 7-7 – 7-202 (267 pp.)

NEW/REVISED MATERIAL--EFFECTIVE DATE: Not Applicable
IMPLEMENTATION DATE: Not Applicable

Chapter VII, Notification of Payment. This chapter is being deleted and the related instructions are issued in the Medicare Financial Management Manual and the Medicare Claims Processing Manual, in the CMS Manual System. The table of contents is replaced with a crosswalk from the old Part 3 to the related instruction in the Internet-only manuals (IOMs). If the material from the MCM, Part 3, is no longer applicable, we indicate that it was not moved to the IOMs by entering “deleted” in the crosswalk. For each included cross-reference, we provide the old manual number and the IOM number (e.g., 100-4 for Medicare Claims Processing Manual), and the IOM chapter and section (§) numbers.

The IOMs can be found at <http://www.cms.hhs.gov/manuals>

These instructions should be implemented within your current operating budget.

CHAPTER VII - NOTIFICATION OF PAYMENT

NOTE: Chapter VII has been moved to the new CMS Manual System, in the Medicare Financial Management Manual (Pub 100-6) and the Medicare Claims Processing Manual (Pub. 100-4). The new manuals can be found at <http://www.cms.hhs.gov/manuals>. A crosswalk from the deleted manual sections to the new manual sections follows.

	Old §	Pub, Chapter, & §
Notification of Payment		
Explanation of Medicare Benefits (EOMB)	7000	Deleted - replaced by MSN, 100-4, chapter 21
General Information About The EOMB	7002	see immediately above
Basic Concepts and Approaches	7003	see immediately above
Format Of The EOMB	7004	see immediately above
Technical Specifications of the EOMB	7006	see immediately above
Area I	7006.1	see immediately above
Area II	7006.2	see immediately above
Area III	7006.3	see immediately above
Area IV	7006.4	see immediately above
Area V	7006.5	see immediately above
Continuation Page	7006.6	see immediately above
Title Section	7006.7	see immediately above
Back of the EOMB	7008	see immediately above
Beneficiary Address Change	7009	see immediately above
Separate Line Items	7010	see immediately above
Suppression of EOMBs	7011	see immediately above
Explanatory and Denial Messages	7012	see immediately above
EOMB Statements for Area IV	7014	see immediately above
Statements for the Left Column of Area IV	7014.1	see immediately above
Calculating the Center Column Of Area IV	7014.2	see immediately above
Statements for the Right Column of Area IV	7014.3	see immediately above
When to Use the Statements in §7014.1	7014.4	see immediately above
Statements and Conditions to Use When Medicare Is the Secondary Payer (MSP)	7014.5	see immediately above
Exhibits of EOMBs	7016	see immediately above
Use of the EOMB to Provide State Agencies with Additional Information	7024	see immediately above

	Old §	Pub, Chapter, & §
Disallowance Letters	7026	see immediately above
Front End Rejection Notices	7028	see immediately above
Return of Beneficiary Submitted Bills for Services Furnished On or After 9/1/90	7029	see immediately above
Paper Remittance Notice	7030	100-4, 22
Paper Remittance Notice Requirements	7030.1	100-4, 22
Use of Standard Codes on Paper Remittance Notices	7030.2	100-4, 22
Paper Remittance Notice Abbreviations	7030.3	100-4, 22
Carrier Handling of Postage-Due Mail	7031	Not Found- to be added to 100-4, 1 as new section
Processing Undeliverable Notices	7032	Not Found- to be added to 100-4, 1 as new section
Notices Returned to the Carrier	7032.1	Not Found- to be added to 100-4, 1 as new section
Notices Returned Directly to the Social Security Office	7032.2	Not Found- to be added to 100-4, 1 as new section
Carrier Use of Undeliverable Notices for Utilization, Fraud and Quality Control	7032.3	100-16
Voided Checks	7034	Not Found- to be added to 100-4, 1 as new section
Payments		
Who May Be Paid Benefits	7050	100-4, 1-§30.2
Addressing Checks and Notices in Payee Cases	7051	Not Found to be added to 100-4, 1 as new section
Benefit Checks	7055	Not Found to be added to 100-4, 1 as new section
Cancellation of Outstanding Checks Resulting From Contractor Follow-up or Beneficiary Allegations	7055.1	Not Found to be added to 100-4, 1 as new section
Durable Medical Equipment Regional Carriers (DMERCs) Only – Appeals of Duplicate Claims	7056	Not Found-to be added in 100-4, 29, new section
Assignment of a Partially Paid Bill	7057	Not Found-to be added in 100-4, 29, new section

	Old §	Pub, Chapter, & §
Partial Reimbursement in Cases Pending Further Development	7059	Not Found-to be added in 100-4, 29, new section
Alien Nonpayment Cases	7061	Not Found
Indirect Payment Procedure	7065	100-4, 1-§30.2
Organizations That Qualify to Receive SMI Payment on Paid Bills	7065.2	100-4, 1-§30.2

Refunds

Refunds – Moneys Incorrectly Collected by an Outpatient Physical Therapy Clinic Provider	7080	Not Found
Provider Refund or Other Disposition of Moneys Incorrectly Collected	7080.1	100-5, 1-§20
Carrier Request for Information Required for the Development of Provider Refunds	7080.2	Not Found

Overpayments

Overpayments – General	7100	100-4, 12-§40.4, 100-6, 3-§20
Time Limits on Recovery of Overpayments	7100.	100-4, 12-§40.4, 100-6, 3-§90
Determining Liability for Overpayments	7102	100-4, 12-§40.4, 100-6, 3-§100
Physician Liability	7103	100-4, 12-§40.4, 100-6, 3-§100.1
Examples of Situations in Which Physician is Liable	7103.1	100-4, 12-§40.4, 100-6, 3-§100.2
Beneficiary Liability	7104	100-4, 12-§40.4, 100-6, 3-§100.4
Liability for Overpayments Discovered Subsequent to Third Calendar Year After the Year of Payment	7106	100-4, 12-§40.4, 100-6, 3-§100.6
Limitations on Charging Without Fault Beneficiary Where Overpayment for Medically Unnecessary Services Discovered Subsequent to Third Calendar Year	7106.1	100-4, 12-§40.4
How to Determine Third Calendar Year After Year of Payment	7106.2	100-4, 12-§40.4, 100-6, 3-§100.7
Recovery-General	7114	100-4, 12-§40.4, 100-6, 3-§110
Timely Deposit of Overpayment Refund Checks	7114.1	100-4, 12-§40.4, 100-6, 3-§20.4

	Old §	Pub, Chapter, & §
When Not to Take Recovery Action and Refer the Case to HCFA	7115	100-4, 12-§40.4, 100-6, 3-§110.2
When Carrier Does Not Take Recovery Action in Beneficiary Cases But Refers the Case to HCFA for Waiver Consideration	7116	100-4, 12-§40.4, 100-6, 3-§110.3
Recovery Where Fraud is Suspected	7117	100-4, 12-§40.4, 100-6, 3-§110.4
Waiver	7118	100-4, 12-§40.4, 100-6, 3-§110.5
Information and Help Obtainable from the Social Security Office	7119	100-4, 12-§40.4, 100-6, 3-§110.6
Recovery Where the Beneficiary Is Liable for the Overpayment	7120	100-4, 12-§40.4, 100-6, 3-§130
Recovery Where Beneficiary Covered Under Medicaid or Another Health Insurance Plan, Private or Governmental	7120.1	100-4, 12-§40.4, 100-6, 3-§130.1
Recovery From the Beneficiary	7120.2	100-4, 12-§40.4, 100-6, 3-§130.2
Carrier Action After Case Is Referred to HCFA	7120.3	100-4, 12-§40.4, 100-6, 3-§130.2
When Efforts to Recover From the Beneficiary Are to be Suspended Following Initial Letter	7120.4	100-4, 12-§40.4, 100-6, 3-§130.3
Content of Recovery Letter to Beneficiary	7120.5	100-4, 12-§40.4, 100-6, 3-§130.5
Sample Recovery Letter to Beneficiary	7120.6	100-4, 12-§40.4
Optional Paragraphs for Inclusion in Request for Refund Letters to Beneficiary	7120.7	100-4, 12-§40.4
Recovery Where Beneficiary Is Deceased	7120.8	100-6, 3-§130.8
Beneficiary Wishes to Refund in Installments	7120.9	100-6, 3-§130.9
Action to Take When Refund Received	7120.10	Not Found
Beneficiary Protests	7120.11	100-6, 3-§130.11
Recovery From the Physician/Supplier—Overpayment Demand Letters	7130	100-6, 3-§120.3, 100-6, 4-§60
Notification to the Beneficiary When Recovery Is Sought From the Physician	7130.1	100-6, 3-§120.3
Sample Letter to Beneficiary Where Recovery Is Being Sought From Physician	7130.2	100-6, 3-§120.4
Recovery Where Physician Is Deceased	7130.3	100-6, 3-§120.5
Physician Protests	7130.4	100-6, 3-§100.3
Referral of Uncollected Overpayment Cases	7142	100-6, 3-§40
Referral of Uncollected Beneficiary Overpayments to HCFA	7142.1	100-6, 3-§40

	Old §	Pub, Chapter, & §
Completion and Distribution of Form HCFA-1932	7142.2	Not Found – Form not listed on CMS web site for forms
Attachments to the Form HCFA-1932	7142.3	Not Found – Form not listed on CMS web site for forms
Special Annotations and Additional Information Required for the Beneficiary Overpayment Situations in §§7116ff	7142.4	Not Found – Form not listed on CMS web site for forms
Referral of Uncollected Physician Overpayments to HCFA	7142.5	100-6, 3-§110.3
Large-Scale Overpayments	7142.6	Not Found
Refund Offered After Referral to HCFA or RRB	7142.7	100-6, 3-§110.8
HCFA Processing of Medical Insurance Overpayments	7142.8	100-6, 3-§90
Carrier Action Where Facts Indicate Possibility of Large Unidentified Overpayment	7150	100-6, 3-§10.2, 20.1
Use of Sampling in Estimating Overpayments	7151	Not Found-If still applicable should be in Financial Manual chapter 3 (Overpayments)
When Sampling Procedure May Be Appropriate	7152	Not Found
Sampling No Substitute for Case-by-Case Review	7153	Not Found
Where Sampling Not Appropriate	7154	Not Found
Readjudication of Claims Included in Sample	7155	Not Found
Report of Estimates Derived From Sample	7156	Not Found
Proposing Administrative Adjustment of the Overpayment to the Physician	7157	Not Found
Physician's Offer to Refund Prior to Sampling or Case Review--Consent Settlement in Overutilization Situations	7158	Not Found
Physician Offers to Settle on Compromise Basis	7159	100-6, 3-§20.2
Establishing Extended Repayments	7160	100-6, 4-§20
Documentation Required to Support a Request for Extended Repayments	7160.1	100-6, 4-§30, 30.1, 30.2
Referral of Requests for Extended Repayment Schedule	7160.2	100-6, 4-§30
Execution of Promissory Note	7160.3	100-6, 3-§10.4
Monitoring an Approved Extended Repayment Schedule	7160.4	100-6, 4-§30.4
1 - Protocol for Reviewing Extended Repayment Schedule	7160.5	100-6, 4-§30.2

	Old §	Pub, Chapter, & §
2 - Statement of Source and Application of Funds	7160.6	Not Found
3 - Cash Flow Statement	7160.7	Not Found
4 - Projected Cash Flow Statement	7160.8	Not Found
5 - Promissory Note Containing Agreement for Judgment	7160.9	100-6, 3-§10.7
Withholding the Federal Share of Payments to Recover Medicare or Medicaid Overpayments--General	7170	100-6, 4-§50, 60.1
Procedure for Withholding the Federal Share of Medicaid Payments to Recover Medicare Overpayments	7170.1	100-6, 4-§50.1
Procedure for Withholding Medicare Payments to Recover Medicaid Overpayments	7170.2	100-6, 4-§50.2

Underpayments

Additional Benefits Payable Because Prior Determination Revised	7200	Not Found
Death of Enrollee or Assignee Before Claim Is Settled	7201	Not Found
Payment to Survivors of Enrollee	7202	Not Found
Development of Underpayment Claims	7205	Not Found
General Requirements	7207	Not Found
Special Provisions Regarding Payment to Person Who Paid for Services With Own Funds	7209	Not Found
Special Provisions Regarding Payment to Legal Representative	7211	Not Found
Special Provisions Regarding Payment to Survivors	7213	Not Found
Obtaining an HCFA-1660	7215	Not Found
Definition of Relationship and Related Principles Governing Eligibility of Survivors	7217	Not Found
Exhibits	7249	Not Found

Collection of Premium Arrears

Collection of Premium Arrears From Benefits Payable to an Enrollee--General	7250	Not Found
Notification of Possible Arrearage	7250.1	Not Found
Establishing Amount of Premium Arrearage	7250.2	Not Found
Deduction and Payment of Premium	7250.3	Not Found
Refunds for Overpaid Premiums	7250.4	Not Found
Reversal of Termination While Collection in Process	7250.5	Not Found

	Old §	Pub, Chapter, & §
Limitation of Liability		
Limitation of Liability for Claims for Physician and Supplier Services	7300	100-4, 30-§120, 120.1 - 120.5.1
General	7300.1	100-4, 30-§20
Determining That Services Are Not Reasonable and Necessary and Subject to Limitation of Liability	7300.2	100-4, 30-§20.1
Processing Initial Assigned Claims Under the Limitation of Liability Provision	7300.3	100-4, 30-§20.1
Procedures for Applying Limitation of Liability Provision	7300.4	100-4, 30-§30, 120.4, 120.5
Determining Liability for Claims for Physician and Supplier Services	7300.5	100-4, 30-§40.2, 100.2
Documentation of Notices Regarding Coverage	7300.6	100-4, 30-§120.1
Availability of Coverage Notices to Operating Personnel	7300.7	100-4, 30-§120.2
Application of Deductible and Coinsurance to Limitation of Liability Determinations and Payment Records	7300.8	Not Found
Limitation of Liability Determination Does Not Affect Medicare Exclusion	7300.9	Not Found
Applicability of Limitation of Liability Provision to Claims for Outpatient Physical Therapy Services Furnished by Clinics	7300.10	100-4, 30-§120.3

Limitation of Liability -- Indemnification Procedures

Limitation of Liability Indemnification Procedures for Claims Filed Under Part B	7320	100-4, 30-§100
Carrier and Social Security Office Responsibility in Indemnification Claims	7320.1	100-4, 30-§100.1
Conditions for Indemnification	7320.2	100-4, 30-§100.2
Development and Documentation of Indemnification Requests	7320.3	100-4, 30-§100.3
Beneficiary Requests Indemnification, But Had No Financial Interest in Claim	7320.4	100-4, 30-§100.4
Questionable Indemnification Requests - Procedures	7320.5	100-4, 30-§00.5
Determining the Amount of Indemnification	7320.6	100-4, 30-§100.6
Notifying the Physician/Supplier	7320.7	100-4, 30-§100.7
Making Payment Under Indemnification	7320.8	100-4, 30-§100.8

	Old §	Pub, Chapter, & §
Recovering the Overpayment Exhibits	7320.9	100-4, 30-§100.9
	7320.10	100-4, 30-§100.10, 120
Physician Refund Requirements (RR) Provision for Nonassigned Claims for Physicians Services Under §1842(l) - Instructions for Carriers and Physicians	7330	100-4, 30-§140

Assignment List

Medicare Participating Physicians/Suppliers Directory (MEDPARD)	7551	Not Found
Furnishing Participating Physician/Supplier Data to Railroad Retirement Board (RRB) for the General Enrollment Period	7552	Not Found
Furnishing RRB With Participating Information for Other Than the General Enrollment Period	7552.1	Not Found
Part B Monitoring Methodology for Claims Submission Requirements	7553	Not Found
Part B Monitoring Methodology for Charge Limits	7555	Not Found
Monitoring Procedures	7555.1	Not Found
Charge Limit Violations	7556	Not Found
Sample Notification Letter Number One: Initial Notification Letter	7556.1	Not Found
Sample Letter Number Two for Subsequent Violations	7556.2	Not Found
Carrier Charge Limits Monitoring Report	7556.3	Not Found

Mandatory Claim Submission

Monitoring Claims Submission Violations	7560	Not Found
Sample Notification Letter	7562	Not Found
Violations That Are Not Developed for OIG Referral	7563	Not Found

Diagnostic Coding

Compliance With Diagnostic Coding Requirements	7600	Not Found
Monitoring the Use of Diagnosis Codes on Unassigned Claims	7601	Not Found
Sample Letters	7602	Not Found