
Medicare

Carriers Manual

Part 3 - Claims Process

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

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HEADER SECTION NUMBERS

PAGES TO INSERT

PAGES TO DELETE

7034 - 7050

7-33 – 7-34 (2 pp.)

7-33 – 7-34 (2 pp.)

NEW/REVISED MATERIAL--*EFFECTIVE DATE: January 24, 2003*

IMPLEMENTATION DATE: January 24, 2003

Section 7032.3, Carrier Use of Undeliverable Notices for Utilization, Fraud, and Quality Control, deletes subsection B, "Fraud and Improper Utilization Practices."

These instructions should be implemented within your current operating budget.

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3. SSO Response--The SSO will respond according to the situation:

o When the address on the notice is incorrect and the correct address is established, the SSO returns the notice to you for remailing with the check.

o If the SSO cannot locate the beneficiary, it returns the notice to you. If it is determined that the beneficiary is deceased, the SSO develops a claim for the underpayment if the amount is \$50 or more.

7032.2 Notices Returned Directly to the SSO--

A. Beneficiary Deceased--

1. Notice Does Not Include Check--The SSO destroys notices for unassigned claims without checks. The SSO returns notices on assigned claims to you for investigation per §7032.3.

2. Notice Includes Check--Attached or accompanying checks are stamped "Not Negotiable" and returned to you with the notice. The SSO gives the person returning the check a receipt and develops an underpayment claim for amounts of \$50 or more. The SSO generally takes an underpayment claim regardless of the amount if a check is returned by an individual entitled to the underpayment who wishes to file for it. If a check for less than \$50 is returned by a person not entitled to receive it, the SSO explains the underpayment provisions but does not solicit a claim from a qualified person.

B. Beneficiary Alive--

1. Notice Does Not Include Check--The SSO destroys undeliverable notices on unassigned claims. The SSO returns undeliverable notices on assigned claims to you for investigation per §7032.3.

2. Notice Includes Check--If the SSO can locate the beneficiary, it will send the notice and check to the correct address. If the SSO cannot locate the beneficiary, it will return the notice and check to you with a statement to that effect. The check is stamped "Non Negotiable" by the SSO before it is sent to you. You should void the check and retain the notice for investigation per §7032.3.

7032.3 Carrier Use of Undeliverable Notices for Utilization, Fraud, and Quality Control--You must consider undeliverable notices finally returned a source of information for detecting processing problems, potential fraud, questionable utilization practices or unusual patterns which merit additional analysis or investigation.

Your quality control personnel must review the notices to detect clerical screening problems, errors in coding addresses and other problems which caused the notices to be returned. Findings from this review should be used to improve the process with respect to proper identification of the claimant, more complete and accurate address information, etc.

7034. VOIDED CHECKS

When a notice which includes a payment cannot be delivered to the claimant, void the check. The amount of the check is credited to the Federal Health Insurance Benefits Account under the delay and draw down procedures. (See §§4412.8 - 4412.10, Part I for maintenance of voided check files.)

Payments

7050. WHO MAY BE PAID BENEFITS

A. Assignment Situations.--Where a request for payment has been properly executed (see §3045), payment may be made to the physician or supplier accepting the assignment.

B. Nonassignment Situations.--Payment for claims not involving assignment will be made directly to the enrollee even though there is a question of his capability if he has no representative payee (as shown on the latest query reply) or legal representative; to the representative payee if he has such a payee; or the legal representative if there is no representative payee. If the person executing the request for payment states in item 6 of the HCFA-1490s that he is the legal representative (guardian, committee, conservator), and there is no representative payee shown on the query reply, payment may be made to him without additional development. Automatic notification of a change in payee is sent to carriers which have submitted queries (other than status queries) and received approvals. The disposition code indicates that a payee change has taken place. (See §§6100.4 and 6130.4, Code 73).

In addition, if the claim is submitted through the social security office, that office will check its records to ascertain if a representative payee has been selected or a new payee substituted for a former payee within the last three months. If so, it will prepare a report identifying the new payee to whom you are to make payment.

(See §§7200 and A 7201 for disposition of underpayments in death cases.)