
Program Memorandum

Intermediaries

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

Transmittal A-02-055

Date: JUNE 24, 2002

CHANGE REQUEST 2191

SUBJECT: Extended Repayment Schedules (ERSs) for Home Health Providers Who Received the Special Periodic Interim Payment (PIP)

Background

The Home Health Prospective Payment System (HH PPS) became effective on October 1, 2000, under §4603 of the Balanced Budget Act of 1997. To help alleviate the transition from the Periodic Interim Payment System, legislation was enacted under §503 of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (BIPA). This legislation allowed home health providers who received PIP payments in September 2000 to receive an additional PIP payment equal to four times the last full PIP payment made to the agency.

Home health providers that received the additional PIPs were to add the payments to their cost reports, reflecting their final period including cost-based payments, that ended September 30, 2000, or later. The full amount of the PIP payment was to be included in the cost report even if some or all of it was applied to reduce or recover existing overpayments. Intermediaries were instructed to make sure the tentative settlements reflect the proper amount of the payments. Any resulting overpayment was to be recovered at the tentative settlement according to normal cost reporting settlement procedures.

Extended Repayment Schedule Requests

Intermediaries were notified that providers would have the opportunity to apply for an extended repayment schedule for the repayment of the one time PIP payment. This includes all tentative settlements that include a BIPA payment where an amount is due the program for cost report years from September 30, 2000 through August 31, 2001.

If a home health provider wants to request an extended period of time to repay the overpayment that resulted from the special PIP payment, the home health provider must request in writing, to the Medicare intermediary, an extended repayment schedule. The home health provider must submit the first month's payment when the provider makes its written request for the extended repayment schedule. The payment amount should correspond to the length of the extended repayment schedule. For example, if the home health provider is requesting a 36-month extended repayment schedule the first payment should be 1/36 of the overpayment amount.

The home health provider does not need to submit any supporting documentation for extended repayment schedules of 36 months or less for overpayments resulting from the one time PIP payment. Approve the request as long as the following conditions are met:

- 1) The home health provider must not be a terminated provider.
- 2) The home health provider must not be in default on any Medicare debt. This includes previously approved extended repayment schedules.
- 3) The home health provider must not be on payment suspension unless the suspension was voluntary.

CMS Pub. 60A

4) The home health provider must not have any open overpayments that have been referred to the Department of Treasury for cross servicing.

5) The home health provider must not currently be involved in a bankruptcy proceeding.

If these criteria are not met and the home health provider wishes to apply for an extended repayment schedule, the application must go through the required review process.

If a home health provider meets the aforementioned criteria and requests an extended repayment schedule of 36 months or less, the intermediary should approve an extended repayment schedule regardless of any other outstanding overpayments. The intermediary should notify the home health provider in writing of the approval within 30 days of receipt. The approved extended repayment schedule will begin at the date of the first demand letter. Interest will accrue at the rate in effect as of the date of the first demand letter until the overpayment is paid in full. If the home health provider is not notified within 30 days, the provider must continue to send in monthly payments until written documentation of the approval or denial is received.

If a home health provider wishes to apply for an extended repayment schedule beyond 36 months, the provider must submit to the intermediary the financial documents specified in the Medicare Intermediary Manual §2224.1. The application will be subject to the regular review process. The home health provider must submit the first month's payment with the request. In addition, the home health provider must continue to make monthly payments until written documentation concerning the approval or denial of the request is received from the intermediary.

If the home health provider does not request an extended repayment schedule timely, then withhold will begin on day 16 as defined in the first demand letter. Any withhold will continue until the time the extended repayment schedule request is received. Once the extended repayment schedule request is received, the withhold will cease as long as the first month's payment was included. Any payments withheld will be applied to the balance of the overpayment and will not be refunded.

The granting of this extended repayment schedule does not affect the collection efforts by the intermediary for any other outstanding overpayments. If the home health provider is currently having payments withheld for another overpayment, withhold will continue until all overpayments are paid in full or until the overpayment is on an approved extended repayment schedule. Any payments withheld will be applied to the balance of the overpayment and will not be refunded.

If a home health provider is currently involved in a bankruptcy proceeding, the appropriate Health and Human Services regional attorney should be consulted to assure that there is no special restriction to approving the extended repayment schedule. If the regional attorney does not object to the extended repayment schedule, a 36-month or less extended repayment schedule should be approved.

All intermediaries should notify the provider community of this instruction in the next Medicare Bulletin.

The *effective date* for this PM is June 1, 2002.

The *implementation date* for this PM is June 24, 2002.

These instructions should be implemented within your current operating budget.

This PM may be discarded after June 1, 2003.

If you have any questions, contact Tom Grieves at 410-786-3373.