Program Memorandum Carriers

Department of Health & Human Services (DHHS)

Centers for Medicare & Medicaid Services (CMS)

Transmittal B-03-062	Date: AUGUST 8, 2003

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CHANGE REQUEST 2292

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SUBJECT: Procedures for Non-MSP Overpayments with Original Balances Less than $10.00

I. GENERAL INFORMATION

A. Background: Occasionally, Medicare Carriers discover a physician/supplier overpayment that is less than $10.00. Possible causes of these physician/supplier overpayments include billing errors, claim adjustments, or an overpayment determined as a result of being medically reviewed. In some cases the cost of recovering these physician/supplier overpayments may exceed the amount eventually recovered.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement
"Should" denotes an optional requirement

Req. #	Requirements	Resp.
2292.1	The standard system shall not issue a demand letter for a physician/supplier overpayment less than $10.00. However, any systematic aggregation within the batch cycle shall continue.	MCS/ VMS
2292.1.1	The standard system shall allow for the manual creation of an account receivable (may be less than $10.00) and demand letter by the Medicare Carrier/DMERC.	MCS/ VMS
2292.1.2	Exception to 2292.1: If a Medicare Carrier/DMERC receives a request from a physician/supplier requesting a demand or requesting immediate offset to recover overpayments less than $10.00, the Medicare Carrier/DMERC shall take appropriate action to satisfy the physician/supplier's request. This may include manually issuing a demand letter and manually creating an account receivable less than $10.00.	Medicare Carrier/ DMERC
2292.2	The standard system shall abandon all physician/supplier overpayments less than $10.00. **For the instructions in this change request, abandon is defined as placing the overpayments less than $10.00 into a holding pattern until requirement 2292.2.1 is complete.**	MCS/ VMS
2292.2.1	The standard system shall generate a report called the "Under Tolerance Report" at the close of business on the last business day of the month, listing all physician/supplier overpayments less than $10.00 that were abandoned during the month.	MCS/ VMS
2292.2.1.1	The standard system shall produce the Under Tolerance Report according to the following criteria: • Sorted by physician/supplier number; • Available in hardcopy and electronic format	MCS/ VMS
2292.2.1.2	The standard system shall include the following information for each overpayment listed on the Under Tolerance Report: • Physician/supplier number • Overpayment amount	MCS/ VMS

	- Claim paid date - Discovery date - Claim number - Account receivable/document control number - Reason/discovery code.	
2292.2.2	The standard system shall not report these abandoned physician/supplier overpayments on CMS Form-751B.	MCS/ VMS
2292.2.3	The Medicare Carrier/DMERC shall report all physician/supplier overpayments, demanded or not, on the appropriate summary entry of the Physician/Supplier Overpayment Reporting (PSOR) System.	Medicare Carrier/ DMERC
2292.3	The Medicare Carrier/DMERC shall review the system generated Under Tolerance Report to determine if aggregation is possible. Aggregation is the addition of all overpayments on the Under Tolerance Report for each physician/supplier.	Medicare Carrier/ DMERC
2292.3.1	The Medicare Carrier/DMERC shall perform the following activities for all aggregated overpayments where the aggregated total is greater than or equal to $10.00: - By the 20th day of the following month, manually generate or have the system generate one demand letter per physician/supplier number - The determination date of the overpayment shall be the date the demand letter is generated - Interest shall accrue from the determination date - The interest rate shall be the rate in effect on the determination date - The demand letter shall meet all of the requirements listed in the Medicare Financial Management Manual (MFMM), Chapter 4 §60. - Create an accounts receivable. Medicare Carriers/DMERCs shall utilize the reason code associated with the first identified overpayment on the Under Tolerance Report. Medicare Carriers/DMERCs that operate using the MCS System shall utilize the discovery code 0(zero) for Other and Medicare Carriers/DMERCs that operate using the VMS System shall utilize the discovery code C for Medicare Carrier. - Report the aggregated overpayment on CMS Form-751B, Line 2a, New Receivables during the month it was demanded.	Medicare Carrier/ DMERC
2292.4	The Medicare Carrier/DMERC shall not demand or report any overpayment that does not aggregate to $10.00 or more. These overpayments shall stay abandoned. No further attempts at aggregation shall be necessary.	MCS/ VMS And Medicare Carrier/ DMERC
2292.5	The first Under Tolerance Report shall include any overpayment less than $10.00 that has not been demanded. Some of these	MCS/ VMS

	overpayments may have been identified prior to the implementation date. *Note: If possible, the Carrier/DMERC's may create an Under Tolerance report and manually aggregate the identified overpayments before standard system changes are implemented. This may decrease any potential backlog from the first Under Tolerance Report.*	And Medicare Carrier/ DMERC
2292.5.1	The Medicare Carrier/DMERC shall attempt to aggregate and demand the overpayments on the Under Tolerance Report.	Medicare Carrier/ DMERC
2292.5.2	If the Medicare Carrier/DMERC reported these overpayments, identified before January 1, 2004 or the implementation date, on CMS Form-751B the Medicare Carrier/DMERC shall make the appropriate adjustment on CMS Form-751B, Line 6a, Amounts Written off Closed, to reflect a termination of collection action.	MCS/ VMS And Medicare Carrier/ DMERC
2292.5.2.1	The Medicare Carrier/DMERC shall obtain approval from the appropriate regional office for the termination of collection action before making the adjustment.	MCS/ VMS And Medicare Carrier/ DMERC
2292.5.3	If the Medicare Carrier/DMERC did not report these overpayments identified prior to the implementation date, the Medicare Carrier/DMERC shall abandon the overpayments following the procedures outlined in this instruction.	Medicare Carrier/ DMERC
2292.6	The Under Tolerance Report shall only include overpayments less than $10.00 that were identified during the month of the report. (For example, The March report shall include overpayments less than $10.00 that were identified between March 1 and March 31.) Exception: If necessary, the first Under Tolerance Report shall include previously identified overpayments per business requirement 2292.5.	MCS/ VMS

III. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A – Other Instructions:

X-Ref Req. #	Instructions
2292.2.1	The Medicare Carrier/DMERC shall retain the Under Tolerance Report in accordance with CMS retention policies.
2292.2.1	The Medicare Carrier/DMERC shall produce the Under Tolerance Report in support of any aggregation/abandonment if asked by an internal or external audit team.
2292.3.1	The Medicare Carrier/DMERC shall retain an appropriate audit trail for all accounts receivables created during the aggregation process. This audit trail shall include the individual claims that make up the accounts receivable.
2292.3.1	The Medicare Carrier/DMERC shall follow the recoupment procedures outlined in the MFMM, Chapters 3 & 4 for all demanded aggregated overpayments.

B – Design Considerations: NONE

C - Interfaces: N/A

D - Contractor Financial Reporting /Workload Impact: N/A

E - Dependencies: N/A

F - Testing Considerations: N/A

IV. Attachment(s)- None

Effective Date: January 1, 2004 **Implementation Date: January 1, 2004** **Discard Date: January 1, 2005** **Pre-Implementation Contact:** **Connie Leonard 410-786-0627**	**Funding: These instructions should be implemented within your current operating budget.** **Post-Implementation Contact:** **The appropriate regional office.**