CMS Manual System	Department of Health & Human Services (DHHS)
Pub. 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 213	**Date: JUNE 25, 2004**
	CHANGE REQUEST 3079

I. SUMMARY OF CHANGES:

This instruction revises the criteria for payment to be sent to a bank in the name of a provider/physician/supplier.

NEW/REVISED MATERIAL - EFFECTIVE DATE: July 25, 2004
*IMPLEMENTATION DATE: July 25, 2004

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged.

II. CHANGES IN MANUAL INSTRUCTIONS: (*N/A if manual not updated.*)
   (R = REVISED, N = NEW, D = DELETED – (*Only One Per Row.*)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	1/30.2.5/Payment to Bank

III. FUNDING: *Medicare contractors only:

X These instructions should be implemented within your current operating budget.

IV. ATTACHMENTS:

X	**Business Requirements**
X	**Manual Instruction**
	Confidential Requirements
	One-Time Special Notification

Business Requirements

Pub. 100-4	Transmittal: 213	Date: June 25, 2004	Change Request 3079

I. GENERAL INFORMATION

A. Background:

 This instruction revises the criteria for payment to be sent to a bank in the name of a provider/physician/supplier.

B. Policy:

 Medicare payments due a provider or supplier of services may be sent to a bank (or similar financial institution) for deposit in the provider/supplier's account so long as the following requirements are met:

- The bank may provide financing to the provider/supplier, as long as the bank states in writing, in the loan agreement, that it waives its right of offset. Therefore, the bank may have a lending relationship with the provider/supplier and may also be the depository for Medicare receivables; and

- The bank account is in the provider/supplier's name and only the provider/supplier may issue instructions on that account. The bank shall be bound by only the provider/supplier's instructions. No other agreement that the provider/supplier has with a third party shall have any influence on the account. In other words, if a bank is under a standing order from the provider/supplier to transfer funds from the provider/supplier's account to the account of a financing entity in the same or another bank and the provider/supplier rescinds that order, the bank honors this rescission notwithstanding the fact that it is a breach of the provider/supplier's agreement with the financing entity.

Irrespective of the language in any agreement a provider/supplier has with a third party that is providing financing, that third party cannot purchase the provider/supplier's Medicare receivables.

C. Provider Education:

 Intermediaries and carriers shall inform affected providers by posting either a summary or relevant portions of this document on their Web site within two weeks. Also, intermediaries and carriers shall publish this same information in their next regularly scheduled bulletin. If they have a listserv that targets affected providers, they shall use it to notify subscribers that revised information about payment to a bank is available on their Web site.

II. BUSINESS REQUIREMENTS

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

Requirement #	Requirements	Responsibility
3079.1	The contractor shall notify providers, physicians, and suppliers of this revised instruction.	Contractors

II. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions:

X-Ref Requirement #	Instructions

B. Design Considerations:

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces:

D. Contractor Financial Reporting /Workload Impact:

E. Dependencies:

F. Testing Considerations:

IV. SCHEDULE, CONTACTS, AND FUNDING

Effective Date: July 25, 2004 **Implementation Date:** July 25, 2004 **Pre-Implementation Contact(s):** David Walczak (410) 786-4475 **Post-Implementation Contact(s):** David Walczak (410) 786-4475	**These instructions should be implemented within your current operating budget**

30.2.5 - Payment to Bank

(Rev. 213, 06-25-04)

A3-3488.2, B3-3060.11

Medicare payments due a provider or supplier of services may be sent to a bank (or similar financial institution) for deposit in the provider/supplier's account so long as the following requirements are met:

- *The bank may provide financing to the provider/supplier, as long as the bank states in writing, in the loan agreement, that it waives its right of offset. Therefore, the bank may have a lending relationship with the provider/supplier and may also be the depository for Medicare receivables; and*

- *The account is in the provider/supplier's name only and only the provider/supplier may issue any instructions on that account. The bank shall be bound by only the provider/supplier's instructions. No other agreement that the provider/supplier has with a third party shall have any influence on the account. In other words, if a bank is under a standing order from the provider/supplier to transfer funds from the provider/supplier's account to the account of a financing entity in the same or another bank and the provider/supplier rescinds that order, the bank honors this rescission notwithstanding the fact that it is a breach of the provider/supplier's agreement with the financing entity.*

Irrespective of the language in any agreement a provider/supplier has with a third party that is providing financing, that third party cannot purchase the provider/supplier's Medicare receivables.

Subject to the above restrictions on the bank and to the bank's meeting the conditions specified in [§30.2.4](), a bank which is the *provider/supplier's* billing agent *pursuant to an agreement with the provider/supplier* and receives and deposits in the provider/supplier's bank account the provider/supplier's Medicare payments may, *subject to instructions from the provider/supplier*, draw on those funds to pay for its billing services.

Subject to the above restrictions on the bank, *the provider/supplier's* billing agent, other than the bank, that meets the conditions specified in §30.2.4 and receives and deposits in the provider/supplier's bank account the provider/supplier's Medicare payments may, *subject to instructions from the provider/supplier*, draw on these funds to *pay* for its billing services.

Notwithstanding the above restrictions, if a court of competent jurisdiction orders the assignment or reassignment of Medicare payments, Medicare will follow that order if, as stated in 42 C.F.R. §424.73(b)(2) and listed in 42 C.F.R. §424.90, a certified copy of the court order and of the executed assignment or reassignment (if it was necessary to execute one) is filed with the contractor responsible for processing the claim and the assignment or reassignment (1) applies to all Medicare benefits payable to a particular person or entity during a specified or indefinite time period; or, (2) specifies a particular amount of money,

payable to a particular person or entity by the particular contractor. In all other instances, the Medicare program will make payments subject to the restrictions listed above. For example, even if a court order directed to a provider/supplier limits the provider/supplier's ability to breach its financial agreement with a third party, the bank is bound by instructions from the provider/supplier.