
Medicare

Intermediary Manual

Part 1 – Fiscal Administration

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

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<u>HEADER SECTION NUMBERS</u>	<u>PAGES TO INSERT</u>	<u>PAGES TO DELETE</u>
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NEW/REVISED MATERIAL--*EFFECTIVE DATE: June 30, 2002*
IMPLEMENTATION DATE: June 30, 2002

Section 1960.22, Exhibit 22 – Accounts Receivable Trending Analysis Procedures, provides instructions and attachments for the Medicare contractor's H750 trending and quarterly submission.

DISCLAIMER: The revision date and transmittal number only apply to the redlined material. All other material was previously published in the manual and is only being reprinted.

These instructions should be implemented within your current operating budget.

CONTRACTOR FINANCIAL REPORTS

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Exhibit 22

Accounts Receivable Trending Analysis Procedures

The Centers for Medicare & Medicaid Services (CMS) utilizes contractors to manage and administer the fee-for-service portion of the Medicare program. Medicare contractor financial reports provide a method of reporting financial activities by the contractors as required by the Chief Financial Officers (CFO) Act of 1990. The Medicare contractors are required to maintain accounting records in accordance with federal government accounting principles and applicable government laws and regulations and are required to use double entry bookkeeping and accrual basis accounting. The financial reports are due 21 calendar days after the end of each quarter via the Contractor Administrative and Financial Management (CAFM) system.

The financial reports consist of a Statement of Financial Position (Form CMS-750) and a Status of Accounts Receivable (Form CMS-751). The system accumulates and reports by each trust fund, as there are separate reports for Part A Hospital Insurance (HI) and Part B Supplementary Medical Insurance (SMI). The accounts receivable activity is reported for the fiscal year-to-date for the period of the report. Medicare Secondary Payer (MSP) accounts receivable activity is reported on Form CMS-M751 report. This activity is combined with the Non-Medicare Secondary Payer (Non-MSP) accounts receivable activity on Form CMS-H751. There is no separate Form CMS-751 report for Non-MSP accounts receivable.

Account receivables represent amounts owed by health care providers, insurers, third party administrators, beneficiaries, employers, and other government agencies. Medicare accounts receivable is comprised of various components with the balance derived from MSP and Non-MSP receivables, as well as miscellaneous amounts owed the program from various sources. On Form CMS-H750, the majority of HI Non-MSP accounts receivable balances consist of or are due to cost report settlements, claims accounts receivable, periodic interim payments (PIP) and other overpayments. The detailed activity for these components are included in Form CMS-H751 report. Also on Form CMS-H750 Status of Financial Position, HI MSP accounts receivable balances consist of receivables specific to Data Match, non-Data Match, liability (including workers compensation (WC), auto, no-fault) and MSP beneficiary debts. The detailed activity for these components are included in Form CMS-M751 report.

Lead schedules and detailed documentation must be maintained and available to support all amounts reported.

Exhibit 22 (Cont.)

Accounts Receivable Trending Analysis Procedures

Objective

To ensure that accounts receivable balances reported are reasonable, Medicare contractors are required to perform trending procedures. Trending procedures can be used as an important tool to identify potential errors, system weaknesses, or inappropriate patterns of accounts receivable accumulation, collections, transfers or write-offs. Trending procedures involve comparisons of recorded amounts to expectations developed by the Medicare contractors. To properly apply trending procedures, it is necessary to take the following steps:

Compare Current Year Amounts with Comparative Financial Data

In comparing current-period financial results with prior-period financial results, there is an implied assumption that the volume of activity in the two periods is comparable. If there has been a substantial change in volume, it is necessary to take this change into account and to quantify the change, when making the comparisons. For example, if a contractor's accounts receivable balance has increased by 10 percent, it is necessary to determine and document the reason for the increase. The increase may be the result of transitions of providers, new legislation, etc.

Understand Identified Variances and Document the Results

Medicare contractors must identify and provide an explanation for variances that meets the thresholds outlined in these procedures. Typically, this will be accomplished primarily through inquiry of operations personnel in the Audit and Reimbursement, MSP, Medical Review, and other areas that report and track accounts receivable balances. If an explanation does not adequately describe the variance, the Medicare contractors must perform additional procedures such as review of detail transactions to identify the underlying cause(s) of any unusual changes.

The causes for the variances should be quantified. For example, if the change was mainly attributable to a contractor transition, then the total amount of receivables transitioned should be identified and included in the Medicare contractors' work papers.

Methodology**I. Trending & Comparative Analysis for Accounts Receivables**

The primary emphasis for performing trend analysis is focusing on the change in the ending principal accounts receivable balance. The ending principal accounts receivable balance is comprised of Non-MSP and MSP accounts receivables. The Non-MSP overpayments section consist of four major components (cost report settlements, PIP, claims accounts receivable, and credit balances) and the MSP section consists of three major components (Data Match, non-Data Match, and liability (including WC, auto, no-fault)). In order to properly identify and understand variances, an analysis must be performed at the component level. Although the instructions specify ending principal accounts receivable balance, Medicare contractors must have available an explanation of any significant change in the ending interest accounts receivable balance and any other sections of the Forms CMS-750/751 that meets the thresholds. The explanation should be available for review by CMS, Office of the Inspector General, General Accounting Office and /or other related parties.

Prior to the certification and submission of the Forms CMS-750/751 reports, the following steps must be performed by each Medicare contractor on a quarterly basis, beginning with the quarter ending June 30, 2002. The CFO for Medicare Operations' certification of these reports is indicative that trending procedures have been performed.

Exhibit 22 (Cont.)

Accounts Receivable Trending Analysis Procedures

Step (1) Compare the current quarter Non-MSP overpayments section of Form CMS-H750A/B component line items to the same component line items in the prior quarter (i.e. 06/30/02 versus 03/31/02) and the current quarter to the prior year's quarter (i.e. 06/30/02 versus 06/30/01). Calculate the dollar and percentage difference for each component line item. (See Attachments I & I-A for the required format)

NOTE: Due to the seasonal nature of the cost report settlements, PIP, etc., independent quarter activity in the current year should not be the only analysis compared to the preceding quarter. Comparisons should always be performed from current period year-to-date activity to prior period year-to-date activity for the same period of time (i.e. 06/30/01 versus 06/30/02).

Step (2) Compare the current quarter MSP section of Form CMS-H750A/B component line items to the same component line items in the prior quarter and prior year. Calculate the dollar and percentage difference for each component line item. (See Attachments II & II-A for the required format)

Step (3) Verify that the dollar amount for each component line item is supported by lead schedules and/or detailed documentation. Any errors or misstatements identified as a result of this analysis must be corrected prior to the submission of Forms CMS-750/751 reports.

Step (4) The sum of the components for the Non-MSP overpayments sections (See Attachments I & I-A) plus the sum of the components for the MSP sections (See Attachments II & II-A) must equal the ending balances reported on Line 7, of Form CMS-H751A/B (See Attachments III & III-A) for the current and prior quarters. The sum of the components for the Non-MSP overpayments sections must equal the ending balances reported on Line 7, of Attachments IV and IV-A for the current and prior quarters. The sum of the components for the MSP sections must equal the ending balances reported on Line 7, of Form CMS-M751A/B (See Attachments V & V-A) for the current and prior quarters.

Step (5) Provide explanations for each component line item where the amount change meet the threshold of +/-15 percent and the amount change is +/- 5 percent of the components ending balance. (See Attachments I, I-A, II & II-A)

Exhibit 22 (Cont.)

Accounts Receivable Trending Analysis Procedures

II. Supporting Analysis

Step (1) Ensure the current year beginning balance is the same amount as the prior year's ending balance and the beginning balance for the prior year's quarter is the same as the beginning balance of the final quarterly report for that FY (i.e., 06/30/01 and 09/30/01). Additionally, for the second through fourth quarter periods, ensure that the beginning balances are unchanged from the amount reported as the first quarter beginning balances.

Step (2) Compare the current quarter Form CMS-H751/M751 line items to the same line items in the prior quarter and prior year. Calculate the dollar and percentage difference for each line item for Section A of Form CMS-H751/M751. (See Attachments III & III-A)

NOTE: The Medicare contractors are not required to perform trending procedures or provide variance explanations on the line items of Forms CMS-H751/M751. However, the above steps should be used to assist the Medicare contractor in identifying the reasons for the variances identified in Attachments I, I-A, II & II-A.

III. Overall Summary

Step (1) Document conclusions in a summary memorandum (See Attachment VI) to be included with Attachments I, I-A, II & II-A and submit to the CFO for Medicare Operations for sign off approval.

For example, the Medicare contractor must identify any external and/or internal factors that attributed to the variances.

External factors might include (1) Medicare contractor transitions from the Medicare program, (2) seasonal variances such as provider year-ends, (3) new legislation impacting reimbursement policies, MSP policies, etc., (4) current economic conditions (provider termination, bankruptcy, extended repayment schedules, etc.).

Internal factors might include (1) turnover of key personnel, (2) changes in accounting guidance or CMS priorities/initiatives, (3) reporting system modifications, (4) number of contractor processing sites.

Step (2) A signed approved copy of the summary memorandum (See Attachment VI) along with Attachments I, I-A, II & II-A will be submitted to the regional office for final approval.

NOTE: The summary memorandum (See Attachment VI) and the analysis schedules (Attachments I, I-A, II & II-A) will be reviewed and approved by the CFO for Medicare Operations and the region's Associate Regional Administrator, Division of Financial Management (ARA/DFM). The ARA/DFM will review the trend analysis submitted by the Medicare contractor and either approve or request additional explanation and/or documentation. The ARA/DFM must notify the Medicare contractor by phone, email or fax no later than February 15, May 15, August 15, and November 8 as to the approval/disapproval. The ARA/DFM must allow the Medicare contractor no less than two days (upon receipt of the request) to provide the additional documentation needed to support their variance. Upon receiving the request, the Medicare contractor has no more than four days to provide the additional documentation to the ARA/DFM. The ARA/DFM must contact the central office (CO) (by phone, email or fax) when a Medicare contractor has been notified to submit additional documentation and a date the trend analysis will be forwarded to the CO.

Exhibit 22 (Cont.)

Accounts Receivable Trending Analysis Procedures

IV. Due Date

The analysis must be submitted to your respective regional office on February 8, May 8, August 8, and November 1. The ARA/DFM must review and approve the Medicare contractors' submissions and forward them to CO by February 15, May 15, August 15, and November 8. If that date occurs on a holiday or a weekend, the report is due the following Federal workday. The Medicare contractor and the ARA/DFM may email or fax the analysis by the due dates and immediately follow up with a signed approved hard copy.

NOTE: The ARA will submit the signed approved copy of the Medicare contractors' summary memorandums and the analysis schedules to the Central Office, Division of Financial Oversight. The CO will review the summary memorandums and the analysis schedules. The CO **is not** responsible for approving or denying the Medicare contractors' trend analysis. The CO may request additional explanation and/or documentation to support the Medicare contractors' analysis schedules. The CO will notify the ARA/DFM (by phone, email or fax) when a request for any additional documentation is needed.

Exhibit 22 (Cont.)

Accounts Receivable Trending Analysis Procedures

Attachment I

CMS MEDICARE ACCOUNTS RECEIVABLE NON-MSP (PART A)
 CONTRACTOR ABC
 (PRINCIPAL)

SOURCE: H750A

SCOPE: If percentage change is greater than +/- 15% and amount of change +/- 5% of the combined component ending balances.

	A	B	(A - B) C	(C / B x 100%) D	
	06/30/02	06/30/01	\$ Change	% Change	Note
Cost Report Settlements	36,836,000	20,145,000	16,691,000	82.85%	(1)
Claims	3,517,000	3,827,500	(310,500)	-8.11%	NER
PIP	40,455,000	48,946,000	(8,491,000)	-17.35%	(2)
Credit Balance	170,000	155,700	14,300	9.18%	NER
Other	3,000,000	2,980,400	19,600	0.66%	NER
Total Non-MSP	83,978,000	76,054,600	7,923,400	10.42%	
5% of Combined Ending Balance	<u>4,198,900</u>	(83,978,000 x 5%)			

No Explanation Required (NER)

- (1) Cost Report Settlements - The ending balance increased by approximately \$17 million which is a combination of transfers in from XYZ in the amount \$10 million of as well as an increase in cost report settlement activity of \$7 million.
- (2) PIP- The ending balance decreased primarily due to a system error in the prior year that caused the balance to be overstated by \$8.0 million.

Note: Column A - Enter the amounts from the accounts receivable Non-MSP section of the H750 reports for the current year's quarter (06/30/02).

Column B - Enter the amounts from the accounts receivable Non-MSP section of the H750 reports for the prior year's quarter (06/30/01).

Exhibit 22 (Cont.)

Accounts Receivable Trending Analysis Procedures

Attachment I-A

CMS MEDICARE ACCOUNTS RECEIVABLE NON-MSP (PART A)
 CONTRACTOR ABC
 (PRINCIPAL)

SOURCE: H750A

SCOPE: If percentage change is greater than +/- 15% and amount of change +/- 5% of the combined component ending balances.

	A	B	(A - B) C	(C / B x 100%) D	
	06/30/02	03/31/02	\$ Change	% Change	Note
Cost Report Settlements	36,836,000	31,310,600	5,525,400	17.65%	(3)
Claims	3,517,000	3,014,571	502,429	16.67%	NER
PIP	40,455,000	33,099,545	7,355,455	22.22%	(4)
Credit Balance	170,000	165,000	5,000	3.03%	NER
Other	3,000,000	2,872,917	127,083	4.42%	NER
Total Non-MSP	83,978,000	70,462,634	13,515,366	19.18%	
5% of Combined Ending Balance	<u>4,198,900</u>	(83,978,000 x 5%)			

No Explanation Required (NER)

- (3) Cost Report Settlements - The ending balance increased by approximately \$6 million due to receiving two cost reports settlements that were due on March 31, 2002 and transfers in from contractor MNO.
- (4) PIP- The ending balance increased by \$7.4 million primarily due to the quarterly PIP review .

Note: Column A - Enter the amounts from the accounts receivable Non-MSP section of the H750 reports for the current year's quarter (06/30/02).

Column B - Enter the amounts from the accounts receivable Non-MSP section of the H750 reports for the current year prior quarter (03/31/02).

Exhibit 22 (Cont.)

Accounts Receivable Trending Analysis Procedures

Attachment II

CMS MEDICARE ACCOUNTS RECEIVABLE MSP (PART A)
 CONTRACTOR ABC
 (PRINCIPAL)

SOURCE: H750A

SCOPE: If percentage change is greater than +/- 15% and amount of change +/- 5% of the combined component ending balances.

	A	B	(A - B) C	(C / B x 100%) D	
	06/30/02	06/30/01	\$ Change	% Change	Note
Data Match	18,338,500	87,195,000	(68,856,500)	-78.97%	(5)
Non-Data Match	12,743,100	48,637,000	(35,893,900)	-73.80%	(6)
MSP Provider/Phys/Supplier/Ben.	-	-	-	0.00%	NER
MSP Beneficiary (Liability)	-	-	-	0.00%	NER
Other MSP (Liability)	8,460,000	7,838,000	622,000	7.94%	NER
Total MSP	39,541,600	143,670,000	(104,128,400)	-72.48%	
5% of Combined Ending Balance	<u>1,977,080</u>	(39,541,600 x 5%)			

No Explanation Required (NER)

- (5) Data Match - The balance decreased by approximately \$69 million which resulted mainly from transfers to CNC.
- (6) Non-Data Match - The balance decreased by approximately \$36 million which resulted mainly from transfers to CNC.

Note: Column A - Enter the amounts from the accounts receivable MSP section of the H750 reports for the current year's quarter (06/30/02).

Column B - Enter the amounts from the accounts receivable MSP section of the H750 reports for the prior year's quarter (06/30/01).

Exhibit 22 (Cont.)

Accounts Receivable Trending Analysis Procedures

Attachment II-A

CMS MEDICARE ACCOUNTS RECEIVABLE MSP (PART A)
 CONTRACTOR ABC
 (PRINCIPAL)

SOURCE: H750A

SCOPE: If percentage change is greater than +/- 15% and amount of change +/- 5% of the combined component ending balances.

	A	B	(A - B) C	(C / B x 100%) D	
	06/30/02	03/31/02	\$ Change	% Change	Note
Data Match	18,338,500	23,578,071	(5,239,571)	-22.22%	(7)
Non-Data Match	12,743,100	15,928,875	(3,185,775)	-20.00%	(8)
MSP Provider/Phys/Supplier/Ben.	-	-	-	0.00%	NER
MSP Beneficiary (Liability)	-	-	-	0.00%	NER
Other MSP (Liability)	8,460,000	7,251,429	1,208,571	16.67%	NER
Total MSP	39,541,600	46,758,375	(7,216,775)	-15.43%	
5% of Combined Ending Balance	<u>1,977,080</u>	(39,541,600 x 5%)			

No Explanation Required (NER)

- (7) Data Match - The balance decreased by approximately \$5.3 million which resulted mainly from transfers to CNC.
- (8) Non-Data Match - The balance decreased by approximately \$3.2 million which resulted mainly from transfers to CNC and cash collections.

Note: Column A - Enter the amounts from the accounts receivable MSP section of the H750 reports for the current year's quarter (06/30/02).

Column B - Enter the amounts from the accounts receivable MSP section of the H750 reports for the current year prior quarter (03/31/02).

Exhibit 22 (Cont.)

Accounts Receivable Trending Analysis Procedures

Attachment III

CMS MEDICARE ACCOUNTS RECEIVABLE COMBINED (PART A)
 CONTRACTOR ABC
 (PRINCIPAL)

SOURCE: H751A

SCOPE: NO FORMAL ANALYSIS REQUIRED SEE MSP AND NON-MSP WORKSHEETS

	06/30/02	06/30/01	\$ Change	% Change
1. Begin FY Balance	329,345,200	264,386,000	64,959,200	24.57%
2a. New Receivables	80,050,600	76,494,000	3,556,600	4.65%
2b. Accrued Receivables	40,455,000	48,946,000	(8,491,000)	-17.35%
3. Interest Earned	0	0	0	0.00%
4a. Cash/Check Collections	(218,697,200)	(41,183,200)	(177,514,000)	431.03%
4b. Offset Collections	(424,000)	(104,030,700)	103,606,700	-99.59%
4c. Collections Deposited at Another Location	(50,000)	0	(50,000)	100.00%
5a. Adjusted Amounts				
Internal Adjustments	(4,409,000)	(8,700,000)	4,291,000	-49.32%
Auditor/Consultants Adjustments	(5,617,400)	(9,100,000)	3,482,600	-38.27%
5b. Transfers In from other Medicare Contractor(s)	10,242,000	0	10,242,000	100.00%
5c. Transfers Out to Other Medicare Contractor(s)	(160,000)	(2,620,000)	2,460,000	-93.89%
5d. Transfers In from other CMS Locations, POR	304,000	0	304,000	100.00%
5e. Transfers Out from other CMS Locations, POR	(247,600)	0	(247,600)	100.00%
5f. Transfers In from other CMS Locations, Not POR	126,000	4,200,000	(4,074,000)	-97.00%
5g. Transfers Out to other CMS Locations, Not POR	(150,000)	(8,357,500)	8,207,500	-98.21%
5h. Waivers	(292,000)	(200,000)	(92,000)	46.00%
6a. Amounts Written-off (Bad Debts)	(536,000)	(110,000)	(426,000)	387.27%
6b. Transfers In from CNC	0	0	0	0.00%
6c. Transfers Out to CNC	(106,420,000)	0	(106,420,000)	100.00%
7. Ending Balance	123,519,600	219,724,600	(96,205,000)	-43.78%
a. Current	92,639,700	142,820,990	(50,181,290)	-35.14%
b. Non-current	30,879,900	76,903,610	(46,023,710)	-59.85%
8. Allowance for Uncollectable Accounts	(28,042,000)	(123,274,000)	95,232,000	-77.25%
9. Total Receivables Net of Allowance	95,477,600	96,450,600	(973,000)	-1.01%
10. Cash/Offsets Received for Receivables at Another Location	0	0	0	0.00%

Note:

Although no formal analysis is required, the contractor should use this analysis to validate the variance explanations. In this example the contractor experienced variances in most activity lines in Section A. The contractor should question the nature of the variances before beginning the Non-MSP (Attachment IV) and MSP (Attachment V) analysis, and determine whether such variances are appropriate.

Exhibit 22 (Cont.)

Accounts Receivable Trending Analysis Procedures

Attachment III-A

CMS MEDICARE ACCOUNTS RECEIVABLE COMBINED (PART A)
 CONTRACTOR ABC
 (PRINCIPAL)

SOURCE: H751A

SCOPE: NO FORMAL ANALYSIS REQUIRED SEE MSP AND NON-MSP WORKSHEETS

	06/30/02	03/31/02	\$ Change	% Change
1. Begin FY Balance	329,345,200	329,345,200	0	0.00%
2a. New Receivables	80,050,600	69,923,100	10,127,500	14.48%
2b. Accrued Receivables	40,455,000	33,099,545	7,355,455	22.22%
3. Interest Earned				
4a. Cash/Check Collections	(218,697,200)	(205,340,211)	(13,356,989)	6.50%
4b. Offset Collections	(424,000)	(424,000)	0	0.00%
4c. Collections Deposited at Another Location	(50,000)	(50,000)	0	0.00%
5a. Adjusted Amounts				
Internal Adjustments	(4,409,000)	(4,409,000)	0	0.00%
Auditor/Consultants Adjustments	(5,617,400)	(5,617,000)	(400)	0.01%
5b. Transfers In from other Medicare Contractor(s)	10,242,000	0	10,242,000	100.00%
5c. Transfers Out to Other Medicare Contractor(s)	(160,000)	(110,000)	(50,000)	45.45%
5d. Transfers In from other CMS Locations, POR	304,000	0	304,000	100.00%
5e. Transfers Out from other CMS Locations, POR	(247,600)	0	(247,600)	100.00%
5f. Transfers In from other CMS Locations, Not POR	126,000	0	126,000	100.00%
5g. Transfers Out to other CMS Locations, Not POR	(150,000)	(100,000)	(50,000)	50.00%
5h. Waivers	(292,000)	(200,000)	(92,000)	46.00%
6a. Amounts Written-off (Bad Debts)	(536,000)	(110,000)	(426,000)	387.27%
6b. Transfers In from CNC	0	0	0	0.00%
6c. Transfers Out to CNC	(106,420,000)	(98,786,625)	(7,633,375)	7.73%
7. Ending Balance	123,519,600	117,221,009	6,298,591	5.37%
a. Current	92,639,700	76,193,656	16,446,044	21.58%
b. Non-current	30,879,900	41,027,353	(10,147,453)	-24.73%
8. Allowance for Uncollectable Accounts	(28,042,000)	(26,612,064)	(1,429,936)	5.37%
9. Total Receivables Net of Allowance	95,477,600	90,608,945	4,868,655	5.37%
10. Cash/Offsets Received for Receivables at Another Location	0	0	0	0.00%

Note:

Although no formal analysis is required, the contractor should use this analysis to validate the variance explanations. In this example the contractor experienced variances in most activity lines in Section A. The contractor should question the nature of the variances before beginning the Non-MSP (Attachment IV-A) and MSP (Attachment V-A) analysis, and determine whether such variances are appropriate.

Exhibit 22 (Cont.)

Accounts Receivable Trending Analysis Procedures

Attachment IV

CMS MEDICARE ACCOUNTS RECEIVABLE Non-MSP (PART A)

CONTRACTOR ABC

(PRINCIPAL)

SOURCE: H751A & M751A

SCOPE: NO FORMAL ANALYSIS REQUIRED SEE MSP AND NON-MSP WORKSHEETS

	06/30/02	06/30/01	\$ Change	% Change
1. Begin FY Balance	188,945,200	113,686,000	75,259,200	66.20%
2a. New Receivables	57,500,600	50,694,000	6,806,600	13.43%
2b. Accrued Receivables	40,455,000	48,946,000	(8,491,000)	-17.35%
3. Interest Earned	0	0	0	0.00%
4a. Cash/Check Collections	(202,697,200)	(24,783,200)	(177,914,000)	717.88%
4b. Offset Collections	(424,000)	(101,030,700)	100,606,700	-99.58%
4c. Collections Deposited at Another Location	(50,000)	0	(50,000)	100.00%
5a. Adjusted Amounts				
Internal Adjustments	(2,319,000)	(4,700,000)	2,381,000	-50.66%
Auditor/Consultants Adjustments	(5,617,400)	(2,300,000)	(3,317,400)	144.23%
5b. Transfers In from other Medicare Contractor(s)	10,242,000	0	10,242,000	100.00%
5c. Transfers Out to Other Medicare Contractor(s)	0	(2,300,000)	2,300,000	-100.00%
5d. Transfers In from other CMS Locations, POR	304,000	0	304,000	100.00%
5e. Transfers Out from other CMS Locations, POR	(247,600)	0	(247,600)	100.00%
5f. Transfers In from other CMS Locations, Not POR	126,000	0	126,000	100.00%
5g. Transfers Out to other CMS Locations, Not POR	(150,000)	(2,157,500)	2,007,500	-93.05%
5h. Waivers	0	0	0	0.00%
6a. Amounts Written-off (Bad Debts)	0	0	0	0.00%
6b. Transfers In from CNC	0	0	0	0.00%
6c. Transfers Out to CNC	(2,089,600)	0	(2,089,600)	100.00%
7. Ending Balance	83,978,000	76,054,600	7,923,400	10.42%
a. Current	62,983,500	49,435,490	13,548,010	27.41%
b. Non-current	20,994,500	26,619,110	(5,624,610)	-21.13%
8. Allowance for Uncollectable Accounts	(19,065,080)	(17,266,273)	(1,798,807)	10.42%
9. Total Receivables Net of Allowance	64,912,920	58,788,327	6,124,593	10.42%
10. Cash/Offsets Received for Receivables at Another Location	0	0	0	0.00%

Note:

Although no formal analysis is required, the contractor should use this analysis to validate the variance explanations. In this example, the contractor experienced variances in most activity lines in Section A. The contractor should question the nature of the variances before beginning the Non-MSP analysis and determine whether such variances are appropriate. The variances must support the explanations provided on the trend analysis of the Non-MSP section (Attachment I) of the H750A/B. (For example, the net increase in Non-MSP is primarily due to cost report settlement activity (Line 2a), the PIP accrual (Line 2b) and transfers in from other contractors (Line 5b). This analysis supports the explanation provided by the contractor.)

Exhibit 22 (Cont.)

Accounts Receivable Trending Analysis Procedures

Attachment IV-A

CMS MEDICARE ACCOUNTS RECEIVABLE Non-MSP (PART A)
 CONTRACTOR ABC
 (PRINCIPAL)

SOURCE: H751A & M751A

SCOPE: NO FORMAL ANALYSIS REQUIRED SEE MSP AND NON-MSP WORKSHEETS

	06/30/02	03/31/02	\$ Change	% Change
1. Begin FY Balance	188,945,200	188,945,200	0	0.00%
2a. New Receivables	57,500,600	49,773,100	7,727,500	15.53%
2b. Accrued Receivables	40,455,000	33,099,545	7,355,455	22.22%
3. Interest Earned	0	0	0	0.00%
4a. Cash/Check Collections	(202,697,200)	(191,390,211)	(11,306,989)	5.91%
4b. Offset Collections	(424,000)	(424,000)	0	0.00%
4c. Collections Deposited at Another Location	(50,000)	(50,000)	0	0.00%
5a. Adjusted Amounts				
Internal Adjustments	(2,319,000)	(2,319,000)	0	0.00%
Auditor/Consultants Adjustments	(5,617,400)	(5,617,000)	(400)	0.01%
5b. Transfers In from other Medicare Contractor(s)	10,242,000	0	10,242,000	100.00%
5c. Transfers Out to Other Medicare Contractor(s)	0	0	0	0.00%
5d. Transfers In from other CMS Locations, POR	304,000	0	304,000	100.00%
5e. Transfers Out from other CMS Locations, POR	(247,600)	0	(247,600)	100.00%
5f. Transfers In from other CMS Locations, Not POR	126,000	0	126,000	100.00%
5g. Transfers Out to other CMS Locations, Not POR	(150,000)	(100,000)	(50,000)	50.00%
5h. Waivers	0	0	0	0.00%
6a. Amounts Written-off (Bad Debts)	0	0	0	0.00%
6b. Transfers In from CNC	0	0	0	0.00%
6c. Transfers Out to CNC	(2,089,600)	(1,455,000)	(634,600)	43.62%
7. Ending Balance	83,978,000	70,462,634	13,515,366	19.18%
a. Current	62,983,500	45,800,712	17,182,788	37.52%
b. Non-current	20,994,500	24,661,922	(3,667,422)	-14.87%
8. Allowance for Uncollectable Accounts	(19,065,080)	(15,996,758)	(3,068,322)	19.18%
9. Total Receivables Net of Allowance	64,912,920	54,465,876	10,447,044	19.18%
10. Cash/Offsets Received for Receivables at Another Location	0	0	0	0.00%

Note:

Although no formal analysis is required, the contractor should use this analysis to validate the variance explanations. In this example, the contractor experienced variances in most activity lines in Section A. The contractor should question the nature of the variances before beginning the Non-MSP analysis and determine whether such variances are appropriate. The variances must support the explanations provided on the trend analysis of the Non-MSP section (Attachment I-A) of the H750A/B (For example, the net increase in Non-MSP is primarily due to cost report settlement activity (Line 2a), the PIP accrual (Line 2b) and transfers in from other contractors (Line 5b). This analysis supports the explanation provided by the contractor.)

Exhibit 22 (Cont.)

Accounts Receivable Trending Analysis Procedures

Attachment V

CMS MEDICARE ACCOUNTS RECEIVABLE MSP (PART A)
 CONTRACTOR ABC
 (PRINCIPAL)

SOURCE: M751A

SCOPE: NO FORMAL ANALYSIS REQUIRED SEE MSP AND NON-MSP WORKSHEETS

	06/30/02	06/30/01	\$ Change	% Change
1. Begin FY Balance	140,400,000	150,700,000	(10,300,000)	-6.83%
2a. New Receivables	22,550,000	25,800,000	(3,250,000)	-12.60%
2b. Accrued Receivables	0	0	0	0.00%
3. Interest Earned				
4a. Cash/Check Collections	(16,000,000)	(16,400,000)	400,000	-2.44%
4b. Offset Collections	0	(3,000,000)	3,000,000	-100.00%
4c. Collections Deposited at Another Location	0	0	0	0.00%
5a. Adjusted Amounts				
Internal Adjustments	(2,090,000)	(4,000,000)	1,910,000	-47.75%
Auditor/Consultants Adjustments	0	(6,800,000)	6,800,000	-100.00%
5b. Transfers In from other Medicare Contractor(s)	0	0	0	0.00%
5c. Transfers Out to Other Medicare Contractor(s)	(160,000)	(320,000)	160,000	-50.00%
5d. Transfers In from other CMS Locations, POR	0	0	0	0.00%
5e. Transfers Out from other CMS Locations, POR	0	0	0	0.00%
5f. Transfers In from other CMS Locations, Not POR	0	4,200,000	(4,200,000)	-100.00%
5g. Transfers Out to other CMS Locations, Not POR	0	(6,200,000)	6,200,000	-100.00%
5h. Waivers	(292,000)	(200,000)	(92,000)	46.00%
6a. Amounts Written-off (Bad Debts)	(536,000)	(110,000)	(426,000)	387.27%
6b. Transfers In from CNC	0	0	0	0.00%
6c. Transfers Out to CNC	(104,330,400)	0	(104,330,400)	100.00%
7. Ending Balance	39,541,600	143,670,000	(104,128,400)	-72.48%
a. Current	29,656,200	93,385,500	(63,729,300)	-68.24%
b. Non-current	9,885,400	50,284,500	(40,399,100)	-80.34%
8. Allowance for Uncollectable Accounts	(8,976,920)	(106,007,727)	97,030,807	-91.53%
9. Total Receivables Net of Allowance	30,564,680	37,662,273	(7,097,593)	-18.85%
10. Cash/Offsets Received for Receivables at Another Location	0	0	0	0.00%

Note:

Although no formal analysis is required, the contractor should use this analysis to validate the variance explanations. In this example, the contractor experienced variances in most activity lines in Section A. The contractor should question the nature of the variances before beginning the MSP analysis and determine whether such variances are appropriate. The variances must support the explanations provided on the trend analysis of the MSP section (Attachment II) of the H750A/B. (For example, the net decrease in MSP is primarily due to transfers out to CNC (Line 6c). This analysis supports the explanation provided by the contractor).

Exhibit 22 (Cont.)

Accounts Receivable Trending Analysis Procedures

Attachment V-A

CMS MEDICARE ACCOUNTS RECEIVABLE MSP (PART A)
 CONTRACTOR ABC
 (PRINCIPAL)

SOURCE: M751A

SCOPE: NO FORMAL ANALYSIS REQUIRED SEE MSP AND NON-MSP WORKSHEETS

	06/30/02	03/31/02	\$ Change	% Change
1. Begin FY Balance	140,400,000	140,400,000	0	0.00%
2a. New Receivables	22,550,000	20,150,000	2,400,000	11.91%
2b. Accrued Receivables	0	0	0	0.00%
3. Interest Earned				
4a. Cash/Check Collections	(16,000,000)	(13,950,000)	(2,050,000)	14.70%
4b. Offset Collections	0	0	0	0.00%
4c. Collections Deposited at Another Location	0	0	0	0.00%
5a. Adjusted Amounts				
Internal Adjustments	(2,090,000)	(2,090,000)	0	0.00%
Auditor/Consultants Adjustments	0	0	0	0.00%
5b. Transfers In from other Medicare Contractor(s)	0	0	0	0.00%
5c. Transfers Out to Other Medicare Contractor(s)	(160,000)	(110,000)	(50,000)	45.45%
5d. Transfers In from other CMS Locations, POR	0	0	0	0.00%
5e. Transfers Out from other CMS Locations, POR	0	0	0	0.00%
5f. Transfers In from other CMS Locations, Not POR	0	0	0	0.00%
5g. Transfers Out to other CMS Locations, Not POR	0	0	0	0.00%
5h. Waivers	(292,000)	(200,000)	(92,000)	46.00%
6a. Amounts Written-off (Bad Debts)	(536,000)	(110,000)	(426,000)	387.27%
6b. Transfers In from CNC	0	0	0	0.00%
6c. Transfers Out to CNC	(104,330,400)	(97,331,625)	(6,998,775)	7.19%
7. Ending Balance	39,541,600	46,758,375	(7,216,775)	-15.43%
a. Current	29,656,200	30,392,944	(736,744)	-2.42%
b. Non-current	9,885,400	16,365,431	(6,480,031)	-39.60%
8. Allowance for Uncollectable Accounts	(8,976,920)	(10,615,306)	1,638,386	-15.43%
9. Total Receivables Net of Allowance	30,564,680	36,143,069	(5,578,389)	-15.43%
10. Cash/Offsets Received for Receivables at Another Location	0	0	0	0.00%

Note:

Although no formal analysis is required, the contractor should use this analysis to validate the variance explanations. In this example, the contractor experienced variances in most activity lines in Section A. The contractor should question the nature of the variances before beginning the MSP analysis and determine whether such variances are appropriate. The variances must support the explanations provided on the trend analysis of the MSP section (Attachment II-A) of the H750A/B. (For example, the net decrease in MSP is primarily due to cash collections (Line 4a) and transfers out to CNC (Line 6c). This analysis supports the explanation provided by the contractor.)

Exhibit 22 (Cont.)

Accounts Receivable Trending Analysis Procedures

Attachment VI

**CMS MEDICARE ACCOUNTS RECEIVABLE
TREND ANALYSIS - ABC Part A
For Quarter Ending _____**

The following represents the summary for the changes in the accounts receivable balance for the current quarter. The following descriptions outline the underlying reasons for the changes in the accounts receivable balances:

Current Quarter to Prior Quarter (06/02 versus 03/02)

1. The cost report settlements (Non-MSP) increased by \$5 million primarily due to the receipt of two (2) cost reports settlements due March 2002 and transfers from MNO.
2. The \$7.4 million increase in the PIP accrual (Non-MSP) was due to quarterly reviews.
3. The \$8 million decrease in Data Match and non-Data Match (MSP) is primarily due to debt over 180 days being approved and transferred to currently not collectible (CNC) and cash receipts.
4. The combined ending balance increased by \$6 million or 5% primarily due to a \$6 million increase in cost report settlements, a \$7 million increase in PIP and a \$8 million decrease in MSP.

Current Quarter to Prior Year Quarter (06/02 versus 06/01)

5. The cost report settlements (Non-MSP) increased by \$17 million primarily due to two (2) providers transferring from XYZ in the amount of \$10 million and an increase in cost report settlement activity of \$7 million.
6. The PIP accrual (Non-MSP) decreased by approximately \$8 million due to a systems error in the prior period that excluded claims for the period.
7. The Data Match and non-Data Match (MSP) decreased by \$105 million primarily due to debt over 180 days being approved and transferred to CNC.
8. The combined ending principal balance decreased from \$220 million at June 30, 2001 to \$124 million at June 30, 2002, which is a decrease of approximately of \$96 million or 44%. This occurred due to significant transfers out to CNC of \$105 million, a PIP adjustment for a prior period system error of \$8 million, and cost report settlement activity of \$17 million.

Prepared by: _____ Date: _____

CFO for Medicare Operations approval: _____ Date: _____

ARA/DFM approval: _____ Date: _____