

Related Change Request (CR) #: 3079

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## *CMS Manual System – Payment to Bank*

### Provider Types Affected

Providers and suppliers.

### Provider Action Needed

Become familiar with the revised policy regarding Medicare payments to be sent to a bank in the name of a provider/supplier.



#### **STOP**

There is a change in the policy allowing Medicare to send a payment to an individual provider or supplier's bank account for deposit.

#### **CAUTION**

If certain conditions are met, payments from Medicare to a provider or supplier may be sent to the provider's bank (or similar financial institution) for deposit into the provider's account. Please refer to the *Background* section for a review of these conditions.

#### **GO**

Follow these revised criteria if you want Medicare to deposit payments directly into your bank account.

### Background

Medicare payments may be sent to a bank (or similar financial institution) to be deposited into a 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. (This allows the bank to lend money to the provider as well as deposit money from Medicare into the provider/supplier's account.)
- The bank account is in the provider/supplier's name and only the provider/supplier may issue instructions on that account.

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- The bank should only be bound by the provider/supplier's instructions.
- No other agreement that a provider/supplier has with a third party can 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.

### Additional Information

If you have any questions, please contact your carrier at their toll-free number, which may be found at:

<http://www.cms.hhs.gov/medlearn/tollnums.asp>

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