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# Program Memorandum Intermediaries/Carriers

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

Transmittal AB-03-103

Date: JULY 25, 2003

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CHANGE REQUEST 2749

**SUBJECT: Medicare Secondary Payer (MSP) Debt Referral and Write Off Closed Instructions**

**Background:**

**This Program Memorandum (PM) modifies one paragraph in section V., Actions Subsequent to DCS Input, 5<sup>th</sup> paragraph, 3<sup>rd</sup> bullet and section VIII., Financial Reporting, 5<sup>th</sup> paragraph in AB-02-102 (CR 2145), Medicare Secondary Payer (MSP) Debt Referral and Write Off Closed Instructions as a result of a Joint Signature Memorandum dated January 21, 2003, regarding Medicare Secondary Payer Treasury Debt Management Services Action Form.**

**Old Instructions: Section V., Actions Subsequent to DCS Input, 5<sup>th</sup> paragraph, 3<sup>rd</sup> bullet**

“If a cross-servicing entity discovers an error, collects, receives information establishing a valid documented defense, or receives information that would exclude all or part of a debt from DCIA referral, the Medicare contractor will be notified via central office (CO) and the regional office (RO). The Medicare contractor will not complete a recall report in this situation even if the *cross-servicing entity* has consulted with the Medicare contractor or obtained Medicare contractor concurrence on the action involved. However, the Medicare contractor must update the DCS within 15 calendar days of receiving a case status report of the applicable action via the CO and RO. All three DCS screens must be updated, as appropriate. If a cross-servicing entity receives any partial or full collections for debts that have been referred, PSC will notify CO via an Intragovernmental Payment And Collection (IPAC) report. (The IPAC report was previously known as the Online Payment and Collection (OPAC) report.) The notification subsequently furnished to the Medicare contractor will detail how the collection was applied. The Medicare contractor will update the DCS system and adjust or close their internal records accordingly.”

**Section V., Actions Subsequent to DCS Input, 5<sup>th</sup> paragraph, 3<sup>rd</sup> bullet should now read:**

“If a cross-servicing entity discovers an error, receives information that establishes a valid documented defense, or receives information that would exclude all or part of a debt from DCIA referral, the Medicare contractor will be notified by central office (CO) and/or the regional office (RO) via The Treasury Debt Management Services Action Form (Action Form). The Action Form, along with supporting documentation, is sent to CMS by Treasury for verification. CMS then forwards the Action Form on to the appropriate Medicare contractor. The Action Form is not a resolution of a debt by Treasury, it is a request for the Medicare contractor to review the documentation and provide a decision. Therefore, it is the Medicare contractor’s responsibility, after review of the Action Form and supporting documentation, to initiate all required actions including total debt recalls or adjustments due to valid documented defenses. Medicare contractors are responsible for updating all systems, including Debt Collection System (DCS) and CFO tracking systems, if the decision so warrants within 30 calendar days. Medicare contractors will notify Treasury of their decision and must include the Debt Management Service Center Number in their response. This number is located at the top left of the Action Form. The contractor should provide a copy of Action Form decisions to their Medicare Secondary Payer RO Coordinator to assist the RO in their oversight role.

If a cross-servicing entity receives any partial or full collections for debts that have been referred, PSC will notify CO via an IPAC report. (The IPAC report was previously known as the OPAC report.) The notification when furnished to the Medicare contractor will detail how the collection was applied.

Old Instructions: Section VIII., Financial Reporting, 5<sup>th</sup> paragraph

“Contractors may not take any CFO action (adjustment due to a valid documented defense, collection, etc.) for debts resolved by the PSC or Treasury (or the PSC contractor or a Treasury contractor) until official notification is received from CMS.”

**Section VIII. Financial Reporting, Page 12, 4<sup>th</sup> paragraph should now read:**

Upon contractor determination of an Action Form, contractors must update all financial reporting systems to reflect appropriate adjustments (CFO reported actions) due to approved valid documented defenses. Contractors should await CO notification prior to reporting collections received by the PSC or Treasury.

**The *effective date* for this PM is July 25, 2003.**

**The *implementation date* for this PM is August 8, 2003.**

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

**This PM may be discarded August 1, 2004.**

**If you have any questions, contact Joy Crump-Johnson, [jcrumpjohnson@cms.hhs.gov](mailto:jcrumpjohnson@cms.hhs.gov).**