
Program Memorandum Carriers

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

Transmittal B-01-59

Date: SEPTEMBER 25, 2001

CHANGE REQUEST 1836

SUBJECT: Clarification of Medicare Contractor Financial Reporting Instructions Outlined in §4923.2 of the Medicare Carriers Manual (MCM). (Issued May 2001)

This Program Memorandum (PM) **applies to programming changes for the Multi-Carrier System only**, and is being issued to clarify financial reporting instructions provided in §4900 - §4960.14 of the MCM regarding under tolerance accounts receivable on the CMS Contractor Financial Reports.

In most instances, accounts receivable are recognized when demand letters are issued (see §4960.14, Exhibit 14). Through cost/benefits analysis, CMS has determined that there are instances where the cost to recover or collect an overpayment may be more than the actual amount that was overpaid. As a result, CMS has set certain dollar thresholds (under tolerance) that will determine whether the Medicare contractor is required to send a demand letter to a physician/supplier, or beneficiary requesting repayment of an overpayment. Even though a demand letter may not be sent to the debtor, Medicare contractors are still instructed to report under tolerance overpayments/accounts receivable on Line 2a, New Receivables, of the Form HCFA-H751, Status of Accounts Receivable Report as of the date of determination or discovery of the overpayment.

Section 4923.2 of the MCM specifically states:

Line 2a, New Receivables (Principal). Enter the number and amount for all new receivables established at your location during the fiscal year (FY). This should include items such as overpayments, claims accounts receivable, credit balances, **including under tolerance accounts receivable**. Do not include those receivables transferred from other Medicare contractors, other CMS locations, Currently Not Collectible (CNC) or other transferred locations in prior fiscal periods. Include all of these items on Lines 5b, 5d, 5f, or 6b, Transferred In Amounts.

Because under tolerance debts are not demanded, these under tolerance accounts receivable should not accrue interest, nor be considered delinquent and reported in Section B, Delinquent Debt of the Form HCFA-H751 report. They should be reported in Section B Line 1, Total Not Delinquent of the Form HCFA-H751.

The effective date for this PM is January 1, 2002.

The implementation date for this PM is January 1, 2002.

These instructions should be implemented within your current operating budget.

This PM may be discarded after January 1, 2003.

If you have any questions, contact Lataysheia Lance on (410)786-0574.

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