
Medicare Carriers Manual Part 1 - Fiscal Administration

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HEALTH CARE FINANCING
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<u>HEADER SECTION NUMBERS</u>	<u>PAGES TO INSERT</u>	<u>PAGES TO DELETE</u>
Table of Contents-- Chapter IX 4900 – 4960.14	9-1 – 9-2.2 (4 pp.) 9-3 – 9-87 (86 pp.)	9-1 (1 p.) 9-5 – 9-48 (44 pp.)

NEW/REVISED MATERIAL—EFFECTIVE: DATE: *October 1, 2001*

IMPLEMENTATION DATE: *October 1, 2001*

This is a full replacement to the Carrier manual concerning the preparation and submission of Contractor Financial Reports (Form HCFA – 750/751).

Section 4900, General, explains guidelines for reporting financial activities for benefit payments by Medicare Contractors in accordance with the Chief Financial Officers (CFOs) Act of 1990.

Section 4910, Instructions for Completing the HCFA-750B Contractor Financial Reports, explains how financial data will be submitted to HCFA.

Section 4920, Instructions for Completing the HCFA-751B Status of Accounts Receivable, explains how financial data will be submitted to HCFA.

Section 4930, Instructions for Completing the HCFA-C751B Status of Non-Medicare Secondary Payer (MSP) Debt CNC, explains how financial data will be submitted to HCFA.

Section 4940, Instructions for Completing the HCFA-M751B Status of Medicare Secondary Payer (MSP) Accounts Receivable, explains how financial data will be submitted to HCFA.

Section 4950, Instructions for Completing the HCFA-MC751B Status of Medicare Secondary Payer (MSP) Debt CNC, explains how financial data will be submitted to HCFA.

Section 4960, Exhibits, provides exhibits to be used to prepare contractor financial reports.

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.

Supplemental Budget Requests (SBRs) can be submitted if preliminary implementation work is necessary during fiscal year 2001. Otherwise, these instructions should be considered and implemented within your Fiscal Year 2002 operating budget.

CONTRACTOR FINANCIAL REPORTS

Section

General.....	4900
Instructions for Completing Form HCFA-750B, Contractor Financial Reports	4910
Due Date	4911
Certification	4912
Instructions for Completing Form HCFA-751B, Status of Accounts Receivable.....	4920
Due Date	4921
Certification	4922
Line Item Instructions Form HCFA-751B.....	4923

Section A - Outstanding Receivables

Line 1, Beginning FY Balance (Principal & Interest)	4923.1
Line 2a, New Receivables/Accrued Receivables (Principal)	4923.2
Line 2b, Accrued Receivables (Principal)	4923.3
Line 3, Interest Earned (Interest)	4923.4
Line 4a, Cash/Check Collections on Receivables (Principal & Interest)	4923.5
Line 4b, Offset Collections on Receivables (Principal & Interest)	4923.6
Line 4c, Collections Deposited at Another Location (Principal & Interest).....	4923.7
Line 5, Adjusted/Transferred/Waived Amounts (Principal & Interest).....	4923.8
Line 5a, Adjusted Amounts (Principal & Interest)	
Line 5b, Transfers In From Other Medicare Contractors (Principal & Interest)	
Line 5c, Transfers Out to Other Medicare Contractors (Principal & Interest)	
Line 5d, Transfers In From Other HCFA Locations (PSOR) (Principal & Interest)	
Line 5e, Transfers Out to Other HCFA Locations, PSOR (Principal & Interest)	
Line 5f, Transfers In From Other HCFA Locations, Not PSOR (Principal & Interest)	
Line 5g, Transfers Out to Other HCFA Locations Not PSOR (Principal & Interest)	
Line 5h, Waivers (Principal & Interest)	
Line 6, Amounts Written-off Closed (Bad Debts)/Transferred Currently Not Collectible (Principal & Interest).....	4923.9
Line 6a, Amounts Written-off Closed (Bad Debts) (Principal & Interest)	
Line 6b, Transfers In From Currently Not Collectible (Principal & Interest)	
Line 6c, Transfers Out to Currently Not Collectible (Principal & Interest)	
Line 7, Ending Balance (Principal & Interest).....	4923.10
Line 7a, Current Receivables (Principal).....	4923.11
Line 7b, Non-current Receivables (Principal)	4923.12
Line 8, Allowance for Uncollectible Accounts (Principal & Interest)	4923.13
Line 9, Total Receivables Net of Allowance (Principal & Interest).....	4923.14
Line 10, Cash/Offsets Received for Receivables at Another Location (Principal & Interest)	4923.15

Section B - Delinquent Receivables

Line 1, Total Not Delinquent (Principal & Interest).....	4923.16
Line 2, Total Delinquencies (Principal & Interest).....	4923.17
Line 3, Status of Delinquent Receivable Less Than or Equal to 180 Days (Principal & Interest)	4923.18
Line 4, Status of Delinquent Receivables Greater Than or Equal to 181 Days And Greater (Principal & Interest)	4923.19

Section C - Other Collections

Line 4c, Collections Deposited at Another Location (Principal & Interest).....	4923.20
Line 10, Cash/Offsets Received for Receivables at Another Location (Principal & Interest)	4923.21
Collections on Delinquent Debt.....	4923.22

CONTRACTOR FINANCIAL REPORTS

Section D - Transferred Receivables

Line 5c, Transfers Out to Other Medicare Contractors (Principal & Interest) 4923.23
Line 5e, Transfers Out to Other HCFA Locations, PSOR (Principal & Interest) 4923.24
Line 5g, Transfers Out to Other HCFA Locations, Not PSOR (Principal & Interest) . 4923.25
Instructions for Completing Form HCFA-C751B, Status of Non-Medicare Secondary
Secondary Payer (MSP) Currently Not Collectible (CNC) 4930
Due Date 4931
Certification 4932
Line Item Instructions Form HCFA-C751B – Non-MSP 4933

Section A – Currently Not Collectible (CNC) Debt

Line 1, Beginning FY Balance (Principal & Interest) 4933.1
Line 2, New CNC Debt (Principal & Interest) 4933.2
Line 3, Interest Earned (Interest) 4933.3
Line 4a-4e, Reclassified CNC Debt (Principal & Interest)..... 4933.4
Line 4a, Re-established as Active Accounts Receivable (A\R) Due to Collection
Of Cash (Principal & Interest)
Line 4b, Re-established as Active A\R Due to Collection by Offset (Principal & Interest)
Line 4c, Re-established as Active A\R due to Bankruptcy, Fraud & Abuse,
Litigation, or Appeal (Principal & Interest)
Line 4d, Written-off Closed (Principal & Interest)
Line 4e, Other (Principal & Interest)
Line 5a-5f, Amounts Transferred (Principal & Interest) 4933.5
Line 5a, Transfers in From Other Medicare Contractors (Principal & Interest)
Line 5b, Transfers Out to Other Medicare Contractors (Principal & Interest)
Line 5c, Transfers In From HCFA RO (Principal & Interest)
Line 5d, Transfers Out to HCFA RO (Principal & Interest)
Line 5e, Transfers In to HCFA CO (Principal & Interest)
Line 5f, Transfers Out to HCFA CO (Principal & Interest)
Line 6, Ending Balance (Principal & Interest)..... 4933.6

Section B – Aging of Non-MSP CNC Debt (Principal & Interest)

Line 1, Total Aged CNC Debt (Principal & Interest) 4933.7

Section C – Collection Information (Principal & Interest)

Line 1, Collections on CNC Debt (Principal & Interest)..... 4933.8

Section D – Status of CNC Debt Over 181 Days (Principal & Interest)

Status of CNC Debt Over 181 Days (Principal & Interest) 4933.9
Instructions for Completing Form HCFA-M751B, Status of Medicare Secondary Payer
(MSP) Accounts Receivable 4940
Due Date 4941
Certification 4942
Line Item Instructions Form HCFA-M751B 4943

Section A – Outstanding Receivables

Line 1, Beginning FY Balance (Principal & Interest) 4943.1
Line 2a, New Receivables (Principal) 4943.2
Line 2b, Accrued Receivables (Principal) 4943.3
Line 3, Interest Earned (Interest) 4943.4
Line 4a, Cash/Check/ Collections on Receivables (Principal & Interest) 4943.5
Line 4b, Offset Collections on Receivables (Principal & Interest) 4943.6
Line 4c, Collections Deposited at Another Location (Principal & Interest)..... 4943.7

CONTRACTOR FINANCIAL REPORTS

Line 5, Adjusted/Transferred/Waived Amounts (Principal & Interest).....	4943.8
Line 5a, Adjusted Amounts (Principal & Interest)	
Line 5b, Transfers In From Other Medicare Contractors (Principal & Interest)	
Line 5c, Transfers Out to Other Medicare Contractors (Principal & Interest)	
Line 5d, Transfers In From Other HCFA Locations, PSOR (Principal & Interest)	
Line 5e, Transfers Out to Other HCFA Locations, PSOR (Principal & Interest)	
Line 5f, Transfers In From Other HCFA Locations, Not PSOR (Principal & Interest)	
Line 5g, Transfers Out to Other HCFA Locations, Not PSOR (Principal & Interest)	
Line 5h, Waivers (Principal & Interest)	
Line 6, Amounts Written-off Closed (Bad Debts)/Transferred CNC (Principal & Interest)	4943.9
Line 6a, Amounts Written-off Closed (Bad Debts) (Principal & Interest)	
Line 6b, Transfers In From CNC (Principal & Interest)	
Line 6c, Transfers Out to CNC (Principal & Interest)	
Line 7, Ending Balance (Principal & Interest).....	4943.10
Line 7a, Current Receivables (Principal).....	4943.11
Line 7b, Non-current Receivables (Principal)	4943.12
Line 8, Allowance for MSP Uncollectible Accounts (Principal & Interest)	4943.13
Line 9, Total MSP Receivables Net of Allowance (Principal & Interest).....	4943.14
Line 10, Cash/Offsets Received for Accounts Receivables at Another Location (Principal & Interest)	4943.15

Section B – Delinquent MSP Receivables (Principal & Interest)

Line 1, Total MSP Not Delinquent (Principal & Interest).....	4943.16
Line 2, Total MSP Delinquencies (Principal & Interest).....	4943.17
Line 3, Status of Delinquent Receivables Less Than or Equal to 180 Days (Principal & Interest)	4943.18
Line 4, Status of Delinquent Receivables Greater Than or Equal to 181 Days (Principal & Interest)	4943.19

Section C – Other Collections (Principal & Interest)

Line 4c, Collections Deposited at Another Location (Principal & Interest).....	4943.20
Line 10, Cash/Offsets Received for Receivables at Another Location (Principal & Interest)	4943.21
Collections on Delinquent Debt.....	4943.22

Section D – Transferred Receivables (Principal & Interest)

Line 5c, Transfers Out to Other Medicare Contractors (Principal & Interest)	4943.23
Line 5e, Transfers Out to Other HCFA Locations, PSOR (Principal & Interest)	4943.24
Line 5g, Transfers Out to Other HCFA Locations, Not PSOR (Principal & Interest) .	4943.25
Instructions for Completing Form HCFA-MC751B, Status of MSP Debt Currently Not Collectible (CNC).....	4950
Due Date	4951
Certification	4952
Line Item Instructions Form HCFA-MC751B –MSP	4953

Section A – MSP CNC Debt

Line 1, Beginning FY Balance (Principal & Interest)	4953.1
Line 2, New CNC Debt (Principal & Interest)	4953.2
Line 3, Interest Earned (Since CNC Approval (Interest).....	4953.3
Line 4a-4e, Reclassified CNC Debt (Principal & Interest).....	4953.4

CONTRACTOR FINANCIAL REPORTS

Line 4a, Re-established as Active A\R Due to Collection of Cash (Principal & Interest)	
Line 4b, Re-established as Active A\R Due to Collection by Offset (Principal & Interest)	
Line 4c, Re-established as Active A\R Due to Bankruptcy, Fraud & Abuse, Litigation, or Appeal (Principal & Interest)	
Line 4d, Written-off Closed (Principal & Interest)	
Line 4e, Other (Principal & Interest)	
Line 5a-5f, Amounts Transferred (Principal & Interest)	4953.5
Line 5a, Transfers in From Other Medicare Contractors (Principal & Interest)	
Line 5b, Transfers Out to Other Medicare Contractors (Principal & Interest)	
Line 5c, Transfers In From HCFA RO (Principal & Interest)	
Line 5d, Transfers Out to HCFA RO (Principal & Interest)	
Line 5e, Transfers In From HCFA CO (Principal & Interest)	
Line 5f, Transfers Out to HCFA CO (Principal & Interest)	
Line 6, Ending Balance (Principal & Interest).....	4953.6
Section B – Aging of MSP CNC Debt (Principal & Interest)	
Line 1, Total Aged CMC Debt (Principal & Interest)	4953.7
Section C – Collection Information (Principal & Interest)	
Line 1, Collection on CNC Debt (Principal & Interest)	4953.8
Section D – Status of CNC Debt Over 181 Days (Principal & Interest)	
Status of CNC Debt Overt 181 Days (Principal & Interest).....	4953.9
Exhibits	
Table of Exhibits.....	4960
Exhibit 1 – Form HCFA-750B Contractor Financial Reports, Supplemental Medical Insurance (SMI)	4960.1
Exhibit 2 - Form HCFA-751B Status of Accounts Receivable, SMI.....	4960.2
Exhibit 3 - Form HCFA-C751B Status of Non-MSP Debt CNC, SMI.....	4960.3
Exhibit 4 - Form HCFA-M751B Status of MSP Accounts Receivable, SMI	4960.4
Exhibit 5 - Form HCFA-MC751B Status of MSP Debt CNC, SMI.....	4960.5
Exhibit 6 - Medicare Contractor Account Definitions, Data Element Definitions.....	4960.6
Exhibit 7 - Accounts Payable, Protocol for Estimating Claims.....	4960.7
Exhibit 8 - Protocol for Estimating Allowance for Uncollectible Accounts	4960.8
Exhibit 9 - Electronic Certification.....	4960.9
Exhibit 10 - Transfer of Debt Between Reporting Entities.....	4960.10
Exhibit 11 - Collection Reconciliation/Acknowledgement Form	4960.11
Exhibit 12 - Procedures for Non-MSP Reclassification as Currently Not Collectible (CNC).....	4960.12
Exhibit 13 - Procedures for MSP Reclassification as Currently Not Collectible (CNC) ..	4960.13
Exhibit 14 - HCFA Policy for Recognizing Accounts Receivable.....	4960.14

4900. GENERAL

The Contractor Financial Reports provide a method of reporting financial activities for benefit payments by Medicare contractors according to the Chief Financial Officers (CFOs) Act of 1990. This requires that accounting records are maintained according to government accounting principles and applicable government laws and regulations. This requirement complies with the Office of Management and Budget (OMB) Bulletin No. 98-01, Form and Content of Agency Financial Statements. These policies and procedures are developed by the Federal Accounting Standards Advisory Board (FASAB).

The accounting principles and the auditing standards required are not substantially different from Generally Accepted Accounting Principals (GAAP) and Generally Accepted Auditing Standards (GAAS) as formulated by the accounting profession. Government accounting principals, which are developed by FASAB, however, require maintaining records not only for preparing financial statements, but also to enforce applicable laws and regulations. Accounts are maintained to provide control over operations as well as to provide financial information.

Medicare contractors are required to use double entry bookkeeping and accrual basis accounting. For example, if an accounts receivable is established, accounts receivable should be debited and, most likely, operating/program expense should be credited. If an accounts payable is established, accounts payable should be credited and, most likely, operating/program expense should be debited. In addition, the information reported must be supported by your books and records as of the end of the period requested and adequate audit trails must be maintained. To ensure accurate reporting, proper cutoff procedures must also be established in order to limit reporting to the activities attributable to the reporting period. Where actual data is not available, reasonable estimates are acceptable. See Exhibits 7 and 8 for protocols for estimating relevant accounts. When end of period entries are made to accrue account balances, reverse the entries in the following quarter to allow normal processing of accounting transactions.

In order to maintain consistent and accurate financial reporting, Medicare contractors must have an internal control structure that integrates the accounting and claims processing systems. The internal control structure must provide for the following control procedures:

- (1) Independent review of proper valuation of recorded amounts and performance;
- (2) Segregation of duties (separate authorization, record keeping, and custody);
- (3) Safeguards over access to assets and records;
- (4) Authorization of transactions and activities;
- (5) Documents and records that are adequate to ensure proper recording; and
- (6) Quarterly reconciliation of internal systems to the Physician Supplier Overpayment Report (PSOR) system.

Supporting documentation must be maintained and available for review and audit. This must include lead schedules for all amounts used for report preparation and detailed documentation, such as demand letters for accounts receivable. A very good procedure that HCFA recommends to ensure the accuracy of reported amounts, is trending and comparative analysis. This analysis involves comparing reported amounts to prior amounts to identify material errors.

Hardcopy books and records used to prepare the annual financial reports should be retained for 6 years unless microfilmed. Then, the hardcopy needs to be retained for 3 years and the microfilm retained for the balance of the 6-year period.

The Office of the Inspector General (OIG) will conduct audits of Medicare contractors according to government auditing standards. This requirement complies with OMB Bulletin No. 98-08, Audit Requirements for Federal Financial Statements. Applicable government laws and regulations also supplement the government auditing standards. These standards are similar to those contained in the Comptroller General of the United States Standards for Audit of Governmental Organizations, Programs, Activities, and Functions (The Yellow Book).

4910. INSTRUCTIONS FOR COMPLETING FORM HCFA-750B, CONTRACTOR FINANCIAL REPORTS

There is a report and data screens for Part B, Supplementary Medical Insurance (SMI) in the Contractor Administrative-Budget and Financial Management (CAFM) system. Enter data in SMI data screens (see Exhibit 1).

The data for the report is SMI financial information as defined in the Medicare contractor Account Definitions (see Exhibit 6). In order to facilitate reconciliation, balancing and error resolution, report all data in dollars and cents.

The data contained in this report may not equate on a one-to-one basis with data reported to HCFA in other reports, such as Draws on Letter of Credit, reported on Form HCFA-1521. Records must be maintained that will allow reconciliation of Form HCFA-750B with those other reports.

4911. DUE DATE

This report is due on January 21, April 21, July 21 and October 21 (21 calendar days after the end of each quarter) via the CAFM system. If that date occurs on a holiday or a weekend, the report is due the following Federal workday.

4912. CERTIFICATION

Medicare contractor certification by the Chief Financial Officer (CFO) is required. The CFO must input his password on the CAFM system (see Exhibit 9). Failure to record the official's password is a serious error that will prevent acceptance of the report by the CAFM system. The following statement appears at the end of Form HCFA-750B:

I hereby CERTIFY that I have examined the Statement of Financial Position prepared by name of contractor for the period beginning [first day of the fiscal year (FY)] and ending [last day of quarter], and that to the best of my knowledge and belief, it is a true, correct and complete statement prepared from the books and records of the contractor in accordance with applicable instructions.

NAME

DATE

TITLE

4920. INSTRUCTIONS FOR COMPLETING FORM HCFA-751B, STATUS OF ACCOUNTS RECEIVABLE

There is a report and data screens for Part B, SMI in the CAFM system. Enter data in SMI data screens (see Exhibit 2).

Report the accounts receivable activity for fiscal year-to-date (FYTD) for the period of the report. In order to facilitate reconciliation, balancing and error resolution, report the accounts receivable in dollars and cents.

The report requires information both for the amount and the number of accounts receivable. To provide standardization, HCFA is suggesting that you use your collection process as a guide when reporting the number of accounts receivable. For example, a separate, stand alone accounts receivable collected would be reported as a quantity in the number column.

- EXAMPLES:
- (1) A demand letter issued to a physician based on adjustments projected from sampling claims equals one. Even though many claims are represented by projection of the sample.
 - (2) A demand letter issued in a Medicare Secondary Payer (MSP) case to one debtor with several claims listed on the letter. If the collection is made and posted against an individual claim, each claim on the demand letter would be an individual receivable.

Once the principal number is established, report the interest associated with the principal amount in the same manner. There can be a difference between the principal number and the interest number because some receivables are not subject to interest.

4921. DUE DATE

This report is due on January 21, April 21, July 21 and October 21 (21 calendar days after the end of each quarter) via the CAFM system. If that date occurs on a holiday or a weekend, the report is due the following Federal workday.

4922. CERTIFICATION

Medicare contractor certification by the CFO is required. The CFO must input his password on the CAFM system (see Exhibit 9). Failure to record the official's password is a serious error that will prevent acceptance of the report by the CAFM system. The following statement appears at the end of Form HCFA-751B:

I hereby CERTIFY that I have examined the Status of Accounts Receivable prepared by name of contractor for the period beginning (first day of FY) and ending (last day of quarter), and that to the best of my knowledge and belief, it is a true, correct and complete statement prepared from the books and records of the contractor in accordance with applicable instructions.

NAME	DATE	TITLE
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4923. LINE ITEM INSTRUCTIONS FORM HCFA-751B

Medicare contractors must develop and maintain transaction level detail (at a minimum, this would include the provider name, provider number, date of determination, outstanding balance, and any adjustments or recoupments) by debt to support the amounts reported for each line outlined below. All amounts reported must be reconciled to the detailed documentation and PSOR system.

Part I, Status of Receivables**Section A – Outstanding Receivables**

- 4923.1 Line 1, Beginning FY Balance (Principal & Interest).--Enter the number and amount for all accounts receivable outstanding as of the beginning of the FY. These amounts will be pre-filled with the ending balances reported on the proceeding (9/30/XX) FY Contractor Financial Reports. Make any corrections to the beginning principal and interest FY balance only on Line 5a, Adjusted Amounts, Internal Adjustments. Apply the offsetting entry, on the HCFA-750B report (debit or credit) to Operating/Program Expense for transactions that affect principal, or interest revenue if the transaction affects interest.
- 4923.2 Line 2a, New Receivables (Principal).--Enter the number and amount for all new receivables established at your location during the 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 HCFA locations, or 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.
- 4923.3 Line 2b, Accrued Receivables (Principal).--This line is not applicable to carriers.
- 4923.4 Line 3, Interest Earned (Interest).--Enter the amount of interest earned on: (a) existing or new receivables established at your location during the FY; and (b) interest earned on receivables transferred to you, following the date the receivables are established on your records. Do not include the amount of accrued interest earned at other locations. Report the accrued interest earned at other locations as transferred in on Lines 5b, 5d, 5f, or 6b, Transferred In Amounts.
- 4923.5 Line 4a, Cash/Check Collections on Receivables (Principal & Interest).--Enter the amount collected by cash/check on receivables during the fiscal period.
- 4923.6 Line 4b, Offset Collections on Receivables (Principal & Interest).--Enter the amount collected by offset on receivables during the fiscal period.
- 4923.7 Line 4c, Collections Deposited at Another Location (Principal & Interest).--Enter the amount collected or offset at another location by a Medicare contractor or central office (CO). Do not transfer the case to the location where the deposit or offset of the money is made. Upon notification enter the amount collected or offset at another location in this line to reduce the outstanding amount of the receivable being reported on Form HCFA-751B.

The Medicare contractor or CO that records the actual deposit of cash/check/offset will record this amount on Line 10, Cash/Offsets Received for Receivables at Another Location (see §4923.14 for instructions, and Exhibit 11, Collection Reconciliation/Acknowledgement Form).

4923.8 Line 5, Adjusted/Transferred/Waived Amounts (Principal & Interest).--Enter the amount of receivables you have adjusted, transferred in from or out to other locations, or waived. You are required to maintain supporting documentation and records for all these receivables transferred in and out. Amounts transferred in from or out to other HCFA locations or Medicare contractors must be reconciled to the other entity's records for the same reporting period prior to the submission of the quarterly Form HCFA-751B report to ensure that only approved transfers are being reported. Documentation of the reconciliation must be maintained and must indicate that a supervisory review of the reconciliation was performed. Refer to Exhibit 10 for instructions for the transfer of debt between other reporting entities.

Report in lines:

- 5a. Adjusted Amounts (Principal & Interest).--Enter the amount for any adjustments to the beginning balance, or corrections/adjustments of receivables previously established during the fiscal period. These adjustments can be either positive or negative. Separately report adjustments resulting from Auditor/Consultant recommendations, and those determined independently.
- 5b. Transfers In from other Medicare Contractors (Principal & Interest).--Enter the amount transferred in from other Medicare contractors during the fiscal period.
- 5c. Transfers Out to other Medicare Contractors (Principal & Interest).--Enter the amount transferred out to other Medicare contractors during the fiscal period.
- 5d. Transfers In from other HCFA Locations, Physician Supplier Overpayment Report (PSOR) (Principal & Interest).--Enter the amount transferred in from other HCFA locations and reported on the PSOR during the fiscal period.
- 5e. Transfers Out to other HCFA Locations, PSOR (Principal & Interest).--Enter the amount transferred out to other HCFA locations and reported on the PSOR during the fiscal period.
- 5f. Transfers In from other HCFA Locations, Not PSOR (Principal & Interest).--Enter the amount transferred in from other HCFA locations and not reported on the PSOR during the fiscal period.
- 5g. Transfers Out to other HCFA Locations, Not PSOR (Principal & Interest).--Enter the amount transferred out to other HCFA locations and not reported on the PSOR during the fiscal period.
- 5h. Waivers (Principal & Interest). Enter the amount of accounts receivable waived based on the application of §§1862(b) and 1870(c) of the Social Security Act.

4923.9 Line 6, Amounts Written-off Closed (Bad Debts)/Transferred CNC (Principal & Interest).--Enter the amount which you have written-off as a bad debt, or transferred to or from CNC.

Report in lines:

- 6a. Amounts Written-off Closed (Bad Debts) (Principal & Interest).--Enter the amount for which collection efforts have been abandoned. (This would include the remaining balance on accounts receivable after the bankruptcy court has ruled on bankruptcy, appeals, or other litigated cases.)
- 6b. Transfers In from CNC (Principal & Interest).--Enter the amount re-established as active debt that was previously classified as CNC during the fiscal period.
- 6c. Transfers Out to CNC (Principal & Interest).--Enter the amount removed from the ending balance and reclassified as CNC during the fiscal period.

4923.10 Line 7, Ending Balance (Principal & Interest). The ending balance is a computed field reporting the number (manual entry) and amount for receivables outstanding as of the end of the reporting period. It equals:

Principal	Interest
+ Beginning FY balance (Line 1)	+ Beginning FY balance (Line 1)
+ New Receivables (Line 2a)	+ Interest Earned (Line 3)
+/- Accrued Receivables (Line 2b)	
- Collections on Receivables (Line 4a-4c)	- Collections on Interest (Line 4a – 4c)
+/- Adjusted/Transferred Amounts (Line 5a –5g)	+/- Adjusted/Transferred Amounts (Line 5a-5g)
- Waivers (Line 5h)	- Waivers (Line 5h)
+/- Amounts Written-off/Transferred CNC (Lines 6a – 6c)	+/- Amounts Written-off/Transferred CNC (Lines 6a - 6c)
<u>= Ending Balance (Line 7)</u>	<u>= Ending Balance (Line 7)</u>

NOTE: Although Line 7 is a calculated amount, you must be able to provide a detailed listing of all outstanding receivable balances that support this line at any given period of time. The ending balance must be equal to the accounts receivable and the interest receivable amounts reported on Form HCFA-750B, Statement of Financial Position.

4923.11 Line 7a, Current Receivables (Principal).--Enter the amount of receivables due within 12 months following the reporting period. The definition of current and non-current does not depend on the time a debt is outstanding, but when the debt is due. A receivable for which the due date is 12 months or less from the report date is a current receivable. For example, a debt due September 30, 2000, within 12 months from the date of a report for September 30, 1999, is a current receivable. In addition, all delinquent receivables are to be reported as current. Debts with a negotiated and agreed upon extended repayment schedule, should be assigned between current and non-current, based on the installment payment dates.

4923.12 Line 7b, Non-current Receivables (Principal).--Enter the amount of non-current receivables due more than 12 months after the reporting period. The definition of non-current receivables includes those receivables for which the due date is more than 12 months from the end of the reporting period. For example, those receivables for which the due date is October 1, 2000, 1 year from the date of a report for September 30, 1999, are non-current receivables.

4923.13 Line 8, Allowance for Uncollectible Accounts (Principal & Interest).--Enter the amount of the ending balance reported in Line 7 for accounts receivable you estimate will not be collectible. (See Exhibit 8, Allowance for Uncollectible Accounts.)

4923.14 Line 9, Total Receivables Net of Allowance (Principal & Interest).--Total Receivables Net of Allowance is a computed field (Line 7 less Line 8) to report your estimate of the amount of accounts receivable you reasonably expect to collect.

4923.15 Line 10, Cash/Offsets Received for Receivables at Another Location (Principal & Interest).--This line shall be used in instances where a Medicare contractor or CO has received cash/check/offset for a receivable that is being reported by another entity, i.e., Medicare contractor or other HCFA locations on its H751 or R751, respectively. In this situation, the case will not be transferred to the location where the deposit or offset of the money is made. The Medicare contractor will enter the amount received and deposited or offset for receivables being reported at another location in this line.

The other Medicare contractor or HCFA location who reports the receivable on its H751 or R751 will reduce the outstanding balance of the receivable for the amount deposited or offset by the other Medicare contractor or CO by recording the amount of the collection in Line 4c, Collection Deposited at Another Location. (See Exhibit 11, Collection Reconciliation/Acknowledgement Form.)

Section B – Delinquent Receivables

4923.16 Line 1, Total Not Delinquent (Principal & Interest).--Enter the total number and amount of accounts receivable not delinquent.

4923.17 Line 2, Total Delinquencies (Principal & Interest).--Enter the total number and amount of delinquent receivables. Enter the amount of the past due payment unless the full amount is normally due and declared payable. The debt becomes delinquent the day following the date that the debt is due with all extensions recognized. Thus, if the debt is due 30 days after demand, the first day of delinquency starts on day 31. If any portion of a debt has been delinquent more than 180 days, the entire amount is reported as delinquent. Enter the amount of receivables that are delinquent for the respective periods (a through i) indicated.

4923.18 Line 3, Status of Delinquent Receivables Less Than or Equal to 180 Days and (Principal & Interest).--Enter the total number and amount of delinquent receivables 180 days old and less, which are in (a) Bankruptcy, (b) Appeal, (c) Department of Justice, (d) Referred for Cross Servicing and/or (e) Other Status.

4923.19 Line 4, Status of Delinquent Receivables Greater Than or Equal to 181 Days and Greater (Principal & Interest).--Enter the total number and amount of delinquent receivables 181 days old and greater, which are in (a) Bankruptcy, (b) Appeal, (c) Department of Justice, (d) Referred for Cross Servicing and/or (e) Other Status.

Section C – Other Collections

4923.20 Line 4c, Collections Deposited at Another Location (Principal & Interest).--Enter the distribution of collections on receivables by location, for amounts offset or received and deposited at another location. The total amounts listed in this section must equal the amount reflected in Section A, Line 4c of this report.

4923.21 Line 10, Cash/Offsets Received for Receivables at Another Location (Principal & Interest).--Enter the distribution of collections received and deposited or offset for receivables that are being reported by another location. The total amounts listed in this section must equal the amount reflected in Section A, Line 10 of this report.

4923.22 Collections on Delinquent Debt.--Enter the amount of collections on receivables which were delinquent upon collection. The total amount should be less than total collections for the FY.

Section D – Transferred Receivables

Enter the distribution of debts transferred to Medicare contractors or other HCFA locations. The data in this section will be reported on Section A of Form HCFA-751B, Status of Accounts Receivable Transfers Out to other Medicare contractors or other HCFA locations, and will be used by you and other locations to reconcile your books and records.

The data in this section is the same data entered in Section A, Outstanding Receivables, Line 5c, Transfers Out to Medicare Contractors; Line 5e, Transfers Out to other HCFA locations on the PSOR; and Line 5g, Transfers Out to other HCFA locations, Not PSOR.

- 4923.23 Line 5c, Transfers Out to other Medicare Contractors (Principal & Interest).--Enter the distribution to Medicare contractor locations of the debts, entered in Line 5c, Transfers Out to Medicare Contractors, reflected in Section A of this report.
- 4923.24 Line 5e, Transfers Out to other HCFA Locations, PSOR (Principal & Interest).--Enter the distribution to the various regional offices (RO) or CO locations of the debts on the PSOR, entered in Line 5e, Transfers Out to other HCFA Locations, PSOR, reflected in Section A of this report.
- 4923.25 Line 5g, Transfers Out to other HCFA Locations, Not PSOR (Principal & Interest).--Enter the distribution to the various ROs or CO of the debts not reported on the PSOR, entered in Line 5g, Transfers Out to other HCFA Locations, Not PSOR, reflected in Section A of this report.

4933. LINE ITEM INSTRUCTIONS FORM HCFA-C751B – NON-MSP

The following instructions are to be used by Medicare contractors to report the status of Non-MSP CNC Debt. Medicare contractors must develop and maintain transaction level detail (at a minimum, this would include the provider, name, provider number, date of determination, outstanding balance, and any adjustments or recoupments) by debt to support the amounts reported for each line outlined below (see Exhibit 3). Medicare contractors must reclassify Non-MSP debt as Currently Not Collectible (CNC) in accordance with HCFA policy (see Exhibit 12).

Section A – CNC Debt

- 4933.1 Line 1, Beginning FY Balance (Principal & Interest).--Enter the number and amount for all CNC debts outstanding as of the beginning of the FY. These amounts will be pre-filled (upon report automation) with the ending balance from the prior FY on Form HCFA-C751B, Status of Non-MSP Debt-CNC Financial Report. Make any corrections to the beginning principal and interest balance amounts on Line 4e, Reclassified CNC Debt - Other.
- 4933.2 Line 2, New CNC A/R (Principal & Interest).--Enter the number and amount of all debt approved by HCFA RO and CO for CNC during the FY. This line should include the outstanding principal balance and all outstanding interest associated with the debt that was earned up to the date the debt was removed from Form HCFA-751B report and included on the current HCFA-C751B report. This amount must equal the principal and interest amounts reported on Line 6c, Transfers Out to CNC on Form HCFA-751B.
- 4933.3 Line 3, Interest Earned Since CNC Approval (Interest).--Enter the amount of interest earned this fiscal year on CNC debt since the date the debt was reclassified and included in Line 1, Beginning FY Balance and interest earned on debts reclassified to CNC during this FY included in Line 2, New CNC Debt of the current HCFA-C751B report.
- 4933.4 Lines 4(a) through (e), Reclassified CNC Debt (Principal & Interest).--Reclassified CNC debt reported on these lines must agree with the amount reported on Line 6b, Transfers In from CNC on Form HCFA-751B. Medicare contractors must retain all documentation supporting any reclassified amounts.

Report in lines:

- 4a. Re-established as Active Accounts Receivable (A/R) Due to Collection of Cash (Principal & Interest).--Enter the amount of CNC debt that is re-established as active debt because cash/checks have been collected on CNC debts during the FY. In addition, an upward adjustment for the full amount of the outstanding balance (principal and all interest associated with the debt included in Line 1, Beginning FY Balance; Line 2, New CNC Debt; and Line 3, Interest Earned Since CNC Approval of the HCFA-C751B) for the CNC debt on which a collection should be applied, will be recorded on Line 6b, Transfers In from CNC on Form HCFA-751B. Simultaneously, the collection should be recorded on Line 4a, Cash/Check Collections on Form HCFA-751B. The effect of this transaction will reclassify the debt from an inactive memorandum entry to an active receivable that will be reported for financial statement purposes. Additionally, if the outstanding balance of the CNC debt was greater than the amount collected, the remaining balance of the debt is now considered an active accounts receivable which will be reported on Form HCFA-751B. Any new interest assessed on the remaining balance after it becomes active again will be reported in Line 3, Interest Earned on Form HCFA-751B. If after 12 months there is no collection activity on this debt, consider reclassifying it as CNC.

- 4b. Re-established as Active A/R Due to Collection by Offset (Principal & Interest).--Enter the amount of CNC debt that is re-established as active debt because offsets have been made on CNC debt during the FY. In addition, an upward adjustment for the full amount of the outstanding balance (principal and all interest associated with the debt included in Line 1, Beginning FY Balance; Line 2, New CNC Debt; and Line 3, Interest Earned Since CNC Approval of the HCFA-C751B) for the CNC debt on which a collection should be applied, will be recorded on Line 6b, Transfers In from CNC on Form HCFA-751B. Simultaneously, the collection should be recorded on Line 4b, Offset Collections on Form HCFA-751B. The effect of this transaction will reclassify the debt from an inactive memorandum entry to an active receivable that will be reported for financial statement purposes. Additionally, if the outstanding balance of the CNC debt was greater than the amount collected, the remaining balance of the debt is now considered an active accounts receivable which will be reported on Form HCFA-751B. Any new interest assessed on the remaining balance after it becomes active again will be reported in Line 3, Interest Earned on Form HCFA-751B. If after 12 months there is no collection activity on this debt, consider reclassifying it as CNC.
- 4c. Re-established as Active A/R due to Bankruptcy, Fraud & Abuse, Litigation, or Appeal (Principal & Interest).--Enter the amount of the CNC debt that has been re-established to be active debt because the CNC debt is now determined to be in bankruptcy, fraud & abuse, litigation, or appeal during the FY. In addition, an upward adjustment for the full amount of the outstanding balance (principal and all interest associated with the debt included in Line 1, Beginning FY Balance; Line 2, New CNC Debt; and Line 3, Interest Earned Since CNC Approval of the HCFA-C751B) for the CNC debt on which a collection should be applied, will be recorded on Line 6b, Transfers In from CNC on Form HCFA-751B. The effect of this transaction will reclassify the debt from an inactive memorandum entry to an active receivable that will be reported for financial statement purposes. No new interest should be accrued on debts re-established as active due to bankruptcy, fraud and abuse, litigation or appeal.
- 4d. Written-off Closed (Principal & Interest).--Enter the number and amount of CNC debt that has been approved for written-off closed during the FY. The receivables will be "closed" in your internal systems. No further action will be taken on these debts. CNC debts that are written-off as closed will not be reported on the financial statements, and all collection activity (i.e., future offsets or interest accruals) and servicing of the debt will be terminated. The debts will be closed within the contractor's records, reports, and accounts receivable systems. These debts will be written-off and closed through Form HCFA-C751B report on this line. These debts should not be re-activated on Form HCFA-751B.

NOTE: Medicare contractors cannot write-off debt until formal approval has been received from the appropriate authorized official in accordance with the existing HCFA delegations of authority.

- 4e. Other (Principal & Interest).--Only use this line to make corrections to Form HCFA-C751B beginning principal and interest FY balance. Medicare contractors must retain all documentation justifying any adjustments made to the beginning balance.

4933.5 Lines 5(a) through (f), Amounts Transferred (Principal & Interest).--Enter the amount of CNC debts that have been transferred in from or out to Medicare contractors or HCFA RO or CO during the FY. Do not enter an amount on these lines until you have received confirmation that the debt has been accepted by the Medicare contractor, HCFA RO or CO. (See Exhibit 10 Transfer of Debt between Reporting Entities).

Report in lines:

- 5a. Transfers In from other Medicare Contractors (Principal & Interest).--Enter the amount of CNC debt transferred in from other Medicare contractors during the fiscal period.
- 5b. Transfers Out to other Medicare Contractors (Principal & Interest).--Enter the amount of CNC debt transferred out to other Medicare contractors during the fiscal period.
- 5c. Transfers In from HCFA RO (Principal & Interest).--Enter the amount of CNC debt transferred in from RO during the fiscal period.
- 5d. Transfers Out to HCFA RO (Principal & Interest).--Enter the amount of CNC debt transferred out to RO during the fiscal period.
- 5e. Transfers In from to HCFA CO (Principal & Interest).--Enter the amount of CNC debt transferred in from CO during the fiscal period.
- 5f. Transfers Out to HCFA CO (Principal & Interest).--Enter the amount of CNC debt transferred out to CO during the fiscal period.

Collection efforts do not cease when non-MSP debt is reclassified to CNC. Medicare contractors must recognize that all debts including CNC debt will continue to be referred (if eligible) to the Program Support Center (PSC), Department of Health and Human Services (DHHS) or the Treasury Offset Program (TOP).

Medicare contractors are expected to follow existing procedures for the routine referral of delinquent debt to the Debt Collection Center (DCC) in accordance with the Debt Collection Improvement Act (DCIA) of 1996.

Amounts transferred in from or out to other HCFA locations or Medicare contractors for the reporting period, must be reconciled to the other entity's records for the same reporting period prior to submission of the quarterly Form HCFA-750/751B. Medicare contractors and other HCFA locations must reconcile the transfers out lines to ensure that only approved transfers are being reported. Documentation of the reconciliation must be maintained and must indicate that a supervisory review of the reconciliation was performed. Refer to Exhibit 10, Transfer of Debt between Reporting Entities.

4933.6 Line 6. Ending Balance (Principal & Interest).--The ending balance is a computed field, reporting the number (manual entry) and amount for CNC debt outstanding as of the end of the reporting period. It equals:

Principal	Interest
+ Beginning FY Balance (Line 1)	+ Beginning FY Balance (Line 1)
+ New CNC Debt (Line 2)	+ New CNC Debt (Line 2)
- Re-established as Active A/R Due to Collection of Cash (Line 4a)	+ Interest Earned (Line 3)
- Re-established as Active A/R Due to Collection by Offset (Line 4b)	- Re-established as Active A/R Due to Collection of Cash (Line 4a)
- Re-established as Active A/R Due to Bankruptcy, Fraud & Abuse Litigation or Appeal (Line 4c)	- Re-established as Active A/R Due to Collection by Offset (Line 4b)
- Written-off Closed (Line 4d)	- Re-established as Active A/R Due to Bankruptcy, Fraud & Abuse Litigation or Appeal (Line 4c)
+/-Other (Line 4e)	- Written-off Closed (Line 4d)
+ Transfers In From Medicare Contractors/ RO/CO (Lines 5a, 5c, 5e)	+/-Other (Line 4e)
- RO/CO (Lines 5a, 5c, 5e)	+ Transfers in From Medicare Contractors/ Transfers Out to Medicare Contractors/ RO/CO (Lines 5b, 5d, 5f)
- RO/CO (Lines 5b, 5d, 5f)	- Transfers Out to Medicare Contractors/ RO/CO (Lines 5b, 5d, 5f)
<hr/> = Ending Balance (Line 6)	<hr/> = Ending Balance (Line 6)

NOTE: Although Line 6 is a calculated amount, you must be able to provide a detailed listing of all Non-MSP CNC receivable balances that support this line at any given period of time.

Section B – Aging of Non-MSP CNC Receivables

4933.7 Line 1, Total Aged CNC Debt (Principal & Interest).--Enter the total number and amount of Non-MSP CNC debt. The total dollar amount equals the sum of lines (a) through (e), and should also equal Line 6, Ending Balance on the Form HCFA-C751B.

Report on lines (a) through (e) the dollar amounts of receivables aged from the date of determination of the debt for the respective time periods listed.

Section C – Collection Information

4933.8 Line 1, Collections on CNC Debt (Principal & Interest).--Enter the number and amount of cash/check/offsets actually collected on Non-MSP CNC Debt that is reported on Line 4a, Re-established as Active A/R Due to Collection of Cash and Line 4b, Re-established as Active A/R Due to Collection by Offset.

Section D – Status CNC Debt over 181 Days

4933.9 Status of CNC Debt over 181 Days (Principal & Interest).--Enter the total number and amount of delinquent receivables over 181 days old, which are in (a) Bankruptcy, (b) Appeal, (c) Department of Justice, (d) Referred for Cross Servicing, and/or (e) Other Status.

Lines (a), (b), and (c) are not applicable to Non-MSP CNC debt.

4940. INSTRUCTIONS FOR COMPLETING FORM HCFA-M751B, STATUS OF MEDICARE SECONDARY PAYER (MSP) ACCOUNTS RECEIVABLE

There is a separate report and data screens for Part B, SMI in the CAFM system. Enter data in SMI data screens (see Exhibit 4).

Report the MSP accounts receivable activity for FYTD for the period of the report. In order to facilitate reconciliation, balancing and error resolution, report the accounts receivable in dollars and cents.

The report requires information both for the amount and the number of MSP accounts receivable. To provide standardization, HCFA is suggesting that you use your collection process as a guide when reporting the number of accounts receivable. For example, a separate, stand alone accounts receivable collected would be reported as a quantity in the number column.

- EXAMPLES:
- (1) A demand letter issued to a physician based on adjustments projected from sampling claims equals one. Even though many claims are represented by projection of the sample.
 - (2) A demand letter issued in an MSP case to one debtor with several claims listed on the letter. If the collection is made and posted against an individual claim, each claim on the demand letter would be an individual receivable.

Once the MSP principal number is established, report the interest associated with the MSP principal amount in the same manner. There can be a difference between the principal number and the interest number because some receivables are not subject to interest.

4941. DUE DATE

This report is due on January 21, April 21, July 21 and October 21 (21 calendar days after the end of each quarter) via the CAFM system. If that date occurs on a holiday or a weekend, the report is due the following Federal workday.

4942. CERTIFICATION

Contractor certification by the CFO is required. The CFO must input his password on the CAFM system (see Exhibit 9). Failure to record the official's password is a serious error that will prevent acceptance of the report by the CAFM system. The following statement appears at the end of Form HCFA-M751B:

I hereby CERTIFY that I have examined the Status of MSP Accounts Receivable prepared by name of contractor for the period beginning (first day of FY) and ending (last day of quarter), and that to the best of my knowledge and belief, it is a true, correct and complete statement prepared from the books and records of the contractor in accordance with applicable instructions.

NAME	DATE	TITLE
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4943. LINE ITEM INSTRUCTIONS FORM HCFA-M751B

Medicare contractors must develop and maintain transaction level detail (at a minimum, this would include the provider name, provider number, date of determination, outstanding balance, and any adjustments or recoupments) by debt to support the amounts reported for each line outlined below.

Part I, Status of Receivables**Section A – Outstanding Receivables**

- 4943.1 Line 1, Beginning FY balance (Principal & Interest).--Enter the number and amount for all MSP accounts receivable outstanding as of the beginning of the FY. These amounts will be pre-filled with the ending balances reported on the preceding (9/30/XX) FY Contractor Financial Reports. Make any corrections to the beginning principal and interest FY balance only on Line 5a, Adjusted Amounts, Internal Adjustments. Apply the offsetting entry, on the related Form HCFA-750B report (debit or credit) to Operating/Program Expense for transactions that affect principal, or interest revenue if the transaction affects interest.
- 4943.2 Line 2a, New Receivables (Principal).--Enter the number and amount for all new MSP receivables established at your location during the FY. This should include items such as datamatch, non-datamatch, liability, beneficiaries, physicians/suppliers, etc. Do not include those receivables transferred from other Medicare contractors, other HCFA locations, CNC or other transferred locations in prior fiscal periods. Include all of these items on Lines 5b, 5d, 5f, or 6b, Transfers In Amounts. Note: MSP Liability accounts receivable are not established until a settlement, judgement or award has been reached and a demand letter is sent.
- 4943.3 Line 2b, Accrued Receivables (Principal).--This line is not applicable to carriers.
- 4943.4 Line 3, Interest Earned (Interest).--Enter the amount of interest earned on: (a) existing or new MSP receivables established at your location during the FY, and (b) interest earned on MSP receivables transferred to you, following the date the receivables are established on your records. Do not include the amount of accrued interest earned at other locations. Report the accrued interest earned at other locations as transferred in on Lines 5b, 5d, 5f, or 6b, Transfers In Amounts.
- 4943.5 Line 4a, Cash/Check Collections on Receivables (Principal & Interest).--Enter the amount collected by cash/check on MSP receivables during the fiscal period.
- 4943.6 Line 4b, Offset Collections on Receivables (Principal & Interest).--Enter the amount collected by offset on MSP receivables during the fiscal period.
- 4943.7 Line 4c, Collections Deposited at Another Location (Principal & Interest).--Enter the amount collected or offset at another location by a Medicare contractor or CO. Do not transfer the case to the location where the deposit or offset of the money is made. Upon notification enter the amount collected or offset at another location in this line to reduce the outstanding amount of the MSP receivable being reported on Form HCFA-M751B.

The Medicare contractor or CO that records the actual deposit of cash/check/offset will record this amount on Line 10, Cash/Offsets Received for Receivables at Another Location. (See §4943.14 for instructions and Exhibit 11 Collection Reconciliation/Acknowledgement Form.)

4943.8 Line 5, Adjusted/Transferred/Waived Amounts (Principal & Interest).--Enter the amount for MSP receivables you have adjusted, transferred in from or out to other locations, or waived. You are required to maintain supporting documentation and records for all these receivables transferred in and out. MSP amounts transferred in from or out to other HCFA locations or Medicare contractors must be reconciled to the other entity's records for the same reporting period prior to the submission of the quarterly Form HCFA-750/751B reports to ensure that only approved transfers are being reported. Documentation of the reconciliation must be maintained and must indicate that a supervisory review of the reconciliation was performed. Please refer to Exhibit 10 Transfer of Debt between Reporting Entities.

Report in lines:

- 5a. Adjusted Amounts (Principal & Interest).--Enter the amounts for any MSP adjustments to the beginning balance, or corrections/adjustments of receivables previously established during the fiscal period. These adjustments can be either positive or negative. Separately report adjustments resulting from Auditor/Consultant recommendations, and those determined independently.
- 5b. Transfers In from other Medicare Contractors (Principal & Interest).--Enter the amount of MSP receivables transferred in from other Medicare contractors during the fiscal period.
- 5c. Transfers Out to other Medicare Contractors (Principal & Interest).--Enter the amount of MSP receivables transferred out to other Medicare contractors during the fiscal period.
- 5d. Transfers In from other HCFA Locations, PSOR (Principal & Interest).--This line is not applicable to MSP.
- 5e. Transfers Out to other HCFA Locations, PSOR (Principal & Interest).--This line is not applicable to MSP.
- 5f. Transfers In from other HCFA Locations, Not PSOR (Principal & Interest).--Enter the amount of MSP receivables transferred in from other HCFA locations and not reported on the PSOR during the fiscal period.
- 5g. Transfers Out to other HCFA Locations, Not PSOR (Principal & Interest).--Enter the amount of MSP receivables transferred out to other HCFA locations and not reported on the PSOR.
- 5h. Waivers (Principal & Interest).--Enter the amount of MSP receivables waived based on the application of §§1862(b) and 1870(c) of the Social Security Act.

4943.9 Line 6, Amounts Written-off Closed (Bad Debts)/Transferred CNC (Principal & Interest).--Enter the amount for MSP receivables, which you have written-off closed as a bad debt, or transferred to or from CNC.

Report in lines:

- 6a. Amounts Written-off Closed (Bad Debts) (Principal & Interest).--Enter the amount of MSP receivables for which collection efforts have been abandoned. (This would include the remaining balances on accounts receivable after the court has ruled on bankruptcy, appeals, and other litigated cases).
- 6b. Transfers In from CNC (Principal & Interest).--Enter the amount of MSP receivables re-established as active debt that were previously reported as CNC during the fiscal period.

6c. Transfers Out to CNC (Principal & Interest).--Enter the amount of MSP receivables removed from the ending balance and reclassified as CNC during the fiscal period. (See Exhibit 13 Procedures for MSP Reclassification as CNC).

4943.10 Line 7, Ending Balance (Principal & Interest).--The ending MSP balance is a computed field reporting the number (manual entry) and amount for MSP receivables outstanding as of the end of the reporting period. It equals:

Principal	Interest
+ Beginning FY Balance (Line 1)	+ Beginning FY Balance (Line 1)
+ New Receivables (Line 2a)	+ Interest Earned (Line 3)
+/- Accrued Receivables (Line 2b)	
- Collections on Receivables (Line 4a-4c)	- Collections on Interest (Line 4a-c)
+/- Adjusted/Transferred Amounts (Line 5a-5g)	+/- Adjusted/Transferred Amounts (Line 5a-5g)
- Waivers (Line 5h)	- Waivers (Line 5h)
+/- Amounts Written-off/Transferred CNC (Lines 6a -c)	+/- Amounts Written-off/Transferred CNC (Lines 6a-c)
<u>= Ending Balance (Line 7)</u>	<u>= Ending Balance (Line 7)</u>

NOTE: Although Line 7 is a calculated amount, you must be able to provide a detailed listing of all outstanding MSP receivable balances that support this line at any given period of time. The ending balance must be equal to the MSP accounts receivable and the MSP interest receivable amount reported on Form HCFA-M750B, Statement of Financial Position.

4943.11 Line 7a, Current Receivables (Principal).--Enter the amount of receivables due within 12 months following the reporting period. The definition of current and non-current does not depend on the time a debt is outstanding, but when the debt is due. A receivable for which the due date is 12 months or less from the report date is a current receivable. For example, a debt due September 30, 2000, within 12 months from the date of a report for September 30, 1999, is a current receivable. In addition, all delinquent receivables are to be reported as current. Debts with a negotiated and agreed upon extended repayment schedule, should be assigned between current and non-current, based on the installment payment dates.

4943.12 Line 7b, Non-current Receivables (Principal).--Enter the amount of non-current receivables due more than 12 months after the reporting period. The definition of non-current receivables includes those receivables for which the due date is more than 12 months from the end of the reporting period. For example, those receivables for which the due date is October 1, 2000, 1 year from the date of a report for September 30, 1999, are non-current receivables.

4943.13 Line 8, Allowance for MSP Uncollectible Accounts (Principal & Interest).--Enter the amount of the ending balance reported in Line 7 for MSP accounts receivable you estimate will not be collectible. (See Exhibit 8 Allowance for Uncollectible Accounts).

4943.14 Line 9, Total MSP Receivables Net of Allowance (Principal & Interest).--Total MSP Receivables Net of Allowance is a computed field (Line 7 less Line 8) reporting your estimate of the amount of accounts receivable you reasonably expect to collect.

4943.15 Line 10, Cash/Offsets Received for Accounts Receivable at Another Location (Principal & Interest).--This line shall be used in the instances where a Medicare contractor or CO has received cash/check/offset for a receivable that is being reported at another entity, i.e., Medicare contractor or other HCFA locations on its M751 or RM751, respectively. In this situation, the case will not be transferred to the location where the deposit or offset of the money is made. The Medicare contractor will enter the amount received and deposited or offset for receivables being reported at another location in this line.

The other Medicare contractor or HCFA location that reports the receivable on its Form HCFA-M751B or HCFA-RM751B report will reduce the outstanding balance of the receivable for the amount deposited or offset by the other Medicare contractor or CO by recording the amount of the collection in Line 4c, Collection Deposited at Another Location (see Exhibit 11, Collection Reconciliation/Acknowledgement Form).

Section B – Delinquent MSP Receivables

4943.16 Line 1, Total MSP Not Delinquent (Principal & Interest).--Enter the total number and amount of MSP receivables not delinquent.

4943.17 Line 2, Total MSP Delinquencies (Principal & Interest).--Enter the total number and amount of delinquent MSP receivables. Enter the amount of the past due payment unless the full amount is normally due and declared payable. The debt becomes delinquent the day following the date that the debt is due with all extensions recognized. Thus, if the debt is due 60 days after demand, the first day of delinquency starts on day 61 for MSP debts. If any portion of a debt has been delinquent more than 180 days, the entire amount is reported as delinquent. Enter the amount of receivables that are delinquent for the respective periods (a through i) indicated.

4943.18 Line 3, Status of Delinquent Receivables Less Than or Equal to 180 Days (Principal & Interest).--Enter the total number and amount of delinquent receivables 180 days old and less, which are in (a) Bankruptcy, (b) Appeal, (c) Department of Justice, (d) Referred for Cross Servicing and/or (e) Other Status.

4943.19 Line 4, Status of Delinquent Receivables Greater Than or Equal to 181 Days (Principal & Interest).--Enter the total number and amount of delinquent receivables 181 days old and greater, which are in (a) Bankruptcy, (b) Appeal, (c) Department of Justice, (d) Referred for Cross Servicing and/or (e) Other Status.

Section C – Other Collections

4943.20 Line 4c, Collections Deposited at Another Location (Principal & Interest).--Enter the distribution of collections on MSP receivables by location, for amounts offset or received and deposited at another location. The total amounts listed in this section must equal the amount reflected for this line in Section A, Line 4c of this report.

4943.21 Line 10, Cash/Offsets Received for Receivables at Another Location (Principal & Interest).--Enter the distribution of collections on MSP receivables offset or received and deposited for receivables that are being reported by another location. The total amounts listed in this section must equal the amount reflected for this line in Section A, Line 10 of this report.

4943.22 Collections on Delinquent Debt.--Enter the amount of collections on receivables which were delinquent upon collection. The total principal amount should be less than total principal collections for the FY.

Section D – Transferred Receivables

Enter the distribution of debts transferred to Medicare contractors or other HCFA locations. The data in this section will be reported on Section A of Form HCFA-M751B, Status of MSP Accounts Receivable Transfers Out to Medicare contractors or other HCFA locations, and will be used by you and other HCFA locations to reconcile your books and records.

The data in this section is the same data entered in Section A Outstanding Receivables, Line 5c, Transfers Out to other Medicare Contractors; Line 5e, Transfers Out to other HCFA Locations, PSOR; and Line 5g, Transfers Out to other HCFA Locations, Not PSOR.

- 4943.23 Line 5c, Transfers Out to other Medicare Contractors (Principal & Interest).--Enter the distribution to other Medicare contractor locations of the debts entered in Line 5c, Transfers Out to other Medicare Contractors, reflected in Section A of this report.
- 4943.24 Line 5e, Transfers Out to other HCFA Locations, PSOR (Principal & Interest).--Enter the distribution to the various ROs or CO of the debts on the PSOR entered in Line 5e, Transfers Out to other HCFA Locations, PSOR, reflected in Section A of this report.
- 4943.25 Line 5g, Transfers Out to other HCFA Locations, Not PSOR (Principal & Interest).--Enter the distribution to the various ROs or CO of the debts not reported on the PSOR entered in Line 5g, Transfers Out to other HCFA Locations, Not PSOR, reflected in Section A of this report.

4950. INSTRUCTIONS FOR COMPLETING FORM HCFA-MC751B, STATUS OF MSP DEBT - CURRENTLY NOT COLLECTIBLE (CNC)

There is a report and separate data screens for Part B, SMI in the CAFM system. Enter data in SMI data screen (see Exhibit 5).

Report the MSP CNC accounts receivable activity for FYTD for the period of the report. In order to facilitate reconciliation, balancing and error resolution, report the CNC accounts receivable in dollars and cents.

The reports require information both for the amount and the number of accounts receivable. To provide standardization, HCFA is suggesting that you use your collection process as a guide when reporting the number of accounts receivable. For example, a separate, stand alone accounts receivable collected would be reported as a quantity in the number column.

Once the principal number is established, report the interest associated with the principal amount in the same manner. There can be a difference between the principal number and the interest number because some receivables are not subject to interest.

4951. DUE DATE

This report is due on January 21, April 21, July 21, October 21 (21 days after the end of each quarter) via the CAFM system. If that date occurs on a holiday or a weekend, the report is due the following Federal workday.

4952. CERTIFICATION

Contractor certification by the CFO is required. The CFO must input his password on the CAFM system (See Exhibit 9). Failure to record the official's password is a serious error that will prevent acceptance of the report by the CAFM system. The following statement appears at the end of Form HCFA-MC751B:

I hereby CERTIFY that I have examined the Status of MSP Debt – CNC prepared by name of contractor for the period beginning (first day of FY) and ending (last day of quarter), and that to the best of my knowledge and belief, it is a true, correct and complete statement prepared from the books and records of the contractor in accordance with applicable instructions.

NAME

DATE

TITLE

4953. LINE ITEM INSTRUCTIONS FORM HCFA MC751B – MSP

The following instructions are to be used by Medicare contractors to report the status of MSP CNC debt. Medicare contractors must develop and maintain transaction level detail (at a minimum, this would include the provider name, provider number, date of determination, outstanding balance, and any adjustments or recoupments) by debt to support the amounts reported for each line outlined below (see Exhibit 5). Medicare contractors must reclassify MSP debt as Currently Not Collectible in accordance with HCFA policy (see Exhibit 13).

Section A – MSP - CNC Debt

- 4953.1 Line 1, Beginning FY Balance (Principal & Interest).--Enter the number and amount for all MSP CNC debts outstanding as of the beginning of the FY. These amounts will be pre-filled (upon report automation) with the ending balances from the prior FY on the HCFA-MC751B-Status of MSP Debt-CNC Financial Report. Make any corrections to the beginning principal and interest FY balance only on Line 4e, Reclassified CNC Debt - Other.
- 4953.2 Line 2, New CNC Debt (Principal & Interest).--Enter the number and amount of all MSP debt approved by HCFA RO and CO for CNC during the FY. This line should include the outstanding principal balance and all outstanding interest associated with the debt that was earned up to the date the debt was removed from Form HCFA-M751B report and included on the current Form HCFA-MC751B report. This amount must equal the principal and interest amount reported on Line 6c, Transfers Out to CNC of Form HCFA-M751B.
- 4953.3 Line 3, Interest Earned Since CNC Approval (Interest).--Enter the amount of interest earned this fiscal year on MSP CNC debt since the date the debt was reclassified and included in Line 1, Beginning FY Balance and interest earned on MSP debts reclassified to CNC during the FY included in Line 2, New CNC Debt of the current Form HCFA-MC751B report.
- 4953.4 Lines 4(a) through (e), Reclassified CNC Debt (Principal & Interest).--Reclassified MSP CNC debt reported on these lines must agree with the total amount reported on Line 6b, Transfers In from CNC on Form HCFA-M751B. Medicare contractors must retain all documentation supporting any reclassified amounts.

Report in lines:

- 4a. Re-established as Active A/R Due to Collection of Cash (Principal & Interest).--Enter the amount of MSP CNC debt that is re-established as active debt because cash/checks have been collected on MSP CNC debts during the fiscal year. In addition, an upward adjustment for the full amount of the outstanding balance (principal and all interest associated with the debt included in Line 1, Beginning FY Balance; Line 2, New CNC Debt; and Line 3, Interest Earned Since CNC Approval of Form HCFA-MC751B) for the CNC debt on which a collection should be applied, will be recorded on Line 6b, Transfers In from CNC of Form HCFA-M751B. Simultaneously, the collection should be recorded on Line 4a, Cash/Check Collections on Form HCFA-M751B. The effect of this transaction will reclassify the debt from an inactive memorandum entry to an active receivable that will be reported for financial statement purposes. Additionally, if the outstanding balance of the CNC debt was greater than the amount collected, the remaining balance of the debt is now considered an active accounts receivable which will be reported on Form HCFA-M751. Any new interest assessed on the remaining balance after it becomes active again will be reported on Line 3, Interest Earned on Form HCFA-M751B report. If after 181 days there is no collection activity on this debt, consider reclassifying the debt as CNC.

- 4b. Re-established as Active A/R Due to Collection by Offset (Principal & Interest).--Enter the amount of MSP CNC debt that is re-established as active debt because offsets have been made on MSP CNC debt during the FY. In addition, an upward adjustment for the full amount of the outstanding balance (principal and all interest associated with the debt included in Line 1, Beginning FY Balance; Line 2, New CNC Debt; and Line 3, Interest Earned Since CNC Approval of Form HCFA-MC751B) for the CNC debt on which a collection should be applied, will be recorded on Line 6b, Transfers In from CNC of Form HCFA-M751B. Simultaneously, the collection should be recorded on Line 4b, Offset Collections of Form HCFA-M751B. The effect of this transaction will reclassify the debt from an inactive memorandum entry to an active receivable that will be reported for financial statement purposes. Additionally, if the outstanding balance of the CNC debt was greater than the amount collected, the remaining balance of the debt is now considered an active accounts receivable which will be reported on Form HCFA-M751B. Any new interest assessed on the remaining balance after it becomes active again will be reported on Line 3, Interest Earned on Form HCFA-M751B report. If after 181 days there is no collection activity on this debt, consider reclassifying it as CNC.
- 4c. Re-established as Active A/R Due to Bankruptcy, Fraud & Abuse, Litigation, or Appeal (Principal & Interest).--Not applicable for MSP. MSP receivables on which the status changes to bankrupt, fraud and abuse, litigation or appeal will not be re-established as active accounts receivable.
- 4d. Written-off Closed (Principal & Interest).--Enter the number and amount of MSP CNC debt that has been approved for written-off closed during the FY. The receivables will be "closed" in your internal systems. No further action will be taken on these debts. CNC debts that are written-off as closed will not be reported on the financial statements, and all collection activity (i.e., future offsets or interest accruals) and servicing of the debt will be terminated. The debts will be closed within the contractors records, reports, and accounts receivable systems. These debts will be written-off and closed through Form HCFA-MC751B report on this line. These debts should not be reactivated on Form HCFA-M751B.

NOTE: Medicare contractors cannot write-off debt until formal approval has been received from the appropriate authorized official in accordance with the existing HCFA delegations of authority.

- 4e. Other (Principal & Interest).--Only use this line to make any corrections to Form HCFA-MC751B beginning principal and interest FY balance. Medicare contractors must retain all documentation justifying any adjustments made to the beginning balance. {tc \11 "Line 4e. Other – Only use this line to make any corrections to the C751 beginning principal and interest FY balance. Contractors must retain all documentation justifying any changes made to the beginning balance.}

4953.5 Lines 5(a) through (f), Amounts Transferred (Principal & Interest).--{tc \11 "Line 5b & 5d. Amounts Transferred to/from CO}Enter the amount of MSP CNC debts that have been transferred in from or out to Medicare contractors, HCFA RO or CO during the FY. Do not enter an amount on these lines until you have received confirmation that the debt has been accepted by the Medicare contractor, HCFA RO or CO. (See Exhibit 10 Transfer of Debt Between Reporting Entities.)

Report in lines:

- 5a. Transfers In from other Medicare Contractors (Principal & Interest).--Enter the amount of MSP CNC debt transferred in from other Medicare contractors during the fiscal period.
- 5b. Transfers Out to other Medicare Contractors (Principal & Interest).--Enter the amount of MSP CNC debt transferred out to other Medicare contractors during the fiscal period.
- 5c. Transfers In from HCFA RO (Principal & Interest).--Enter the amounts transferred in from RO during the fiscal period.
- 5d. Transfers Out to HCFA RO (Principal & Interest).--Enter the amount of MSP CNC debt transferred out to RO during the fiscal period.
- 5e. Transfers In from HCFA CO (Principal & Interest).--Enter the amount of MSP CNC debt transferred in from CO during the fiscal period.
- 5f. Transfers Out to HCFA CO (Principal & Interest).--Enter the amount of MSP CNC debt transferred out to CO during the fiscal period.

Collection efforts do not cease when MSP debt is reclassified to CNC. Medicare contractors must recognize that all debts including CNC debt will continue to be referred (if eligible) to the PSC, DHHS or the TOP.

Medicare contractors are expected to follow existing procedures for the referral of delinquent debt to the DCC in accordance with the DCIA of 1996.

Amounts transferred from or to other HCFA locations or Medicare contractors for the reporting period, must be reconciled to the other entity's records for the same reporting period prior to submission of the quarterly HCFA Form 750/751B. Medicare contractors and other HCFA locations must reconcile the transfers out lines to ensure approved transfers are only being reported. Documentation of the reconciliation must be maintained and must indicate that a supervisory review of the reconciliation was performed. Please refer to Exhibit 10 for instructions for the transfer of debt between other reporting entities.

4953.6 Line 6. Ending Balance (Principal & Interest).--The ending balance is a computed field, reporting the number (manual entry) and amount for MSP CNC debt outstanding as of the end of the reporting period. It equals:

Principal	Interest
+ Beginning FY Balance (Line1)	+ Beginning FY Balance (Line 1)
+ New CNC Debt (Line 2)	+ New CNC Debt (Line 2)
- Re-Established as Active A/R Due to Collection of Cash (Line 4a)	+ Interest Earned (Line 3)
- Re-Established as Active A/R Due to Collection by Offset (Line 4b)	- Re-Established as Active A/R Due to Collection of Cash (Line 4a)
- Re-Established as Active A/R Due to Bankruptcy, Fraud & Abuse Litigation or Appeal (Line 4c)	- Re-Established as Active A/R Due to Collection by Offset (Line 4b)
- Written-off Closed (Line 4d)	- Re-Established as Active A/R Due to Bankruptcy, Fraud & Abuse Litigation or Appeal (Line 4c)
+/-Other (Line 4e)	- Written-off Closed (Line 4d)
+ Transfers In From Medicare Contractors/ RO/CO (Lines 5a, 5c, 5e)	+/-Other (Line 4e)
- Transfers Out to Medicare Contractors/ RO/CO (Lines 5b, 5d, 5f)	+ Transfers in From Medicare Contractors/ RO/CO (Lines 5a, 5c, 5e)
	- Transfers Out to Medicare Contractors/ RO/CO (Lines 5b, 5d, 5f)

= Ending Balance (Line 6)

= Ending Balance (Line 6)

Rev. 125

9-25

4953.7

CONTRACTOR FINANCIAL REPORTS

05-01

NOTE: Although Line 6 is a calculated amount, you must be able to provide a detailed listing of all MSP CNC receivable balances that support this line at any given period of time.

Section B – Aging of CNC Debt

4953.7 Line 1, Total Aged CNC Debt (Principal & Interest).--Enter the total number and amount of MSP CNC debt. The total dollar amount equals the sum of lines (a) through (c), and should also equal Line 6, Ending Balance on Form HCFA-MC751B.

Report on lines (a) through (e) the dollar amounts of receivables aged from the date of determination of the debt for the respective time periods listed.

Section C – Collection Information

4953.8 Line 1, Collections on CNC Debt (Principal & Interest).--Enter the total number and amounts of cash/checks/offsets actually collected on MSP CNC debt that is reported on Line 4a, Re-established as Active A/R Due to Collection of Cash, and Line 4b, Re-established as Active A/R Due to Collection by Offset.

Section D – Status CNC Debt over 181 Days

4953.9 Status of CNC Debt over 181 Days (Principal & Interest).--Enter the total number and amount of delinquent receivables over 181 days old, which are in (a) Bankruptcy, (b) Appeal, (c) Department of Justice, (d) Referred for Cross Servicing, and/or (e) Other Status.

4960.

TABLE OF EXHIBITS

- Exhibit 1 - Form HCFA-750B Contractor Financial Reports, Supplementary Medical Insurance (SMI) Statement of Financial Position/Statement of Operations
- Exhibit 2 - Form HCFA-751B Status of Accounts Receivable, Supplementary Medical Insurance (SMI)
- Exhibit 3 - Form HCFA-C751B Status of Currently Not Collectible (CNC) Accounts Receivable, Supplemental Medical Insurance (SMI)
- Exhibit 4 - Form HCFA-M751B Status of Medicare Secondary Payer (MSP) Accounts Receivable, Supplementary Medical Insurance (SMI)
- Exhibit 5 - Form HCFA-MC751B Status of MSP Currently Not Collectible (CNC) Accounts Receivable, Supplemental Medical Insurance (SMI)
- Exhibit 6 - Medicare Contractor Account Definitions, Data Element Definitions
- Exhibit 7 - Accounts Payable, Protocol for Estimating Claims
- Exhibit 8 - Protocol for Estimating Allowance for Uncollectible Accounts
- Exhibit 9 - Electronic Certification
- Exhibit 10 - Transfer of Debt Between Reporting Entities
- Exhibit 11 - Collection Reconciliation/Acknowledgement Form
- Exhibit 12 - Procedures for Non-MSP Reclassification as Currently Not Collectible (CNC)
- Exhibit 13 - Procedures for MSP Reclassification as Currently Not Collectible (CNC)
- Exhibit 14 - HCFA Policy for Recognizing Accounts Receivable

Exhibit 1

Contractor Financial Reports
Statement of Financial Position
Supplementary Medical Insurance (SMI)
As of _____

Contractor Name	ID Number
<hr/>	
Assets	Balance
Cash	
Benefits Account	<hr/>
Time Account	<hr/>
Undeposited Collections	<hr/>
Total Cash	<hr/>
Accounts Receivable	
Non-Medicare Secondary Payments (Non-MSP) Overpayments	
Provider	
Cost Report Settlements	<hr/>
Claims Accounts Receivable	<hr/>
PIP Accrual	<hr/>
Other	<hr/>
Physician/Supplier Overpayments	<hr/>
Beneficiaries	<hr/>
Total Non-MSP	<hr/>
Medicare Secondary Payer (MSP)	
Group Health Plan	
DataMatch	<hr/>
Non-DataMatch	<hr/>
Liability	<hr/>
MSP Beneficiaries	<hr/>
MSP Physicians/Suppliers	<hr/>
Total MSP	<hr/>
Other (footnote)	<hr/>
Total Accounts Receivable	<hr/>
Advances to Others	
Advance Payments	<hr/>
Accelerated Payments	<hr/>
Total Advances	<hr/>
Interest Receivable	<hr/>
Other Assets (footnote)	<hr/>
TOTAL ASSETS	<hr/>

HCFA-750B

Exhibit 1 (Cont.)

Contractor Financial Reports
 Statement of Financial Position
 Supplementary Medical Insurance (SMI)
 As of _____

Contractor Name	ID Number
_____	_____
Liabilities	Balance
Accounts Payable	
Unprocessed Claims	
Benefits Payable	_____
Physicians/Suppliers	_____
Beneficiaries	_____
Claims on the Payment Floor	_____
Suspended Payments	
Claims	_____
Common Working File (CWF)	_____
MR/UR Prepayment Review	_____
Medicare Secondary Payer (MSP)	_____
Total Accounts Payable	_____
Accrued Interest Payable	_____
Other Liabilities	
Unapplied Receipts	_____
Excess Recoupments	_____
Due Medicaid	_____
Other (footnote)	_____
Total Other Liabilities	_____
TOTAL LIABILITIES	_____
Fund Account Balance	
Cumulative Results of Operations	_____
TOTAL LIABILITIES AND FUND ACCOUNT BALANCE	_____

HCFA-750B

Exhibit 1 (Cont.)

Statement of Operations
Supplementary Medical Insurance (SMI)
For the Period Ended _____

Contractor Name	ID Number
Revenue	Amount
Interest Revenue	<u>Line 3</u>
Adjusted Amounts (Interest)	<u>Line 5a</u>
Waivers (Interest)	<u>Line 5h</u>
Write-Offs (Bad debts) (Interest)	<u>Line 6a</u>
Transfers In from Medicare Contractors (Interest)	<u>Line 5b</u>
Transfers Out to Medicare Contractors (Interest)	<u>Line 5c</u>
Transfers In from CNC (Interest)	<u>Line 6b</u>
Transfers Out to CNC (Interest)	<u>Line 6c</u>
Transfer In from other HCFA Locations (PSOR) (Interest)	<u>Line 5d</u>
Transfers Out to other HCFA Locations (PSOR) (Interest)	<u>Line 5e</u>
Transfers In from other HCFA Locations (Not PSOR) (Interest)	<u>Line 5f</u>
Transfers Out to other HCFA Locations (Not PSOR) (Interest)	<u>Line 5g</u>
Draws on Letter of Credit	_____
Other Revenue (footnote)	_____
TOTAL REVENUE	_____
Expense	
Operating/Program Expense	<u>Line 2 + Benefit Expense</u>
Adjusted Amounts (Principal)	<u>Line 5a (CR or DR)</u>
Transfers In from other Medicare contractors (Contra Account)	<u>Line 5b</u>
Transfers Out to other Medicare contractors (Principal)	<u>Line 5c</u>
Transfers In from CNC (Contra Account)	<u>Line 6b</u>
Transfers Out to CNC (Principal)	<u>Line 6c</u>
Transfers In from other HCFA Locations (PSOR and Not PSOR) (Contra Account)	<u>Line 5d, 5f</u>
Transfers Out to other HCFA Locations (PSOR and Not PSOR) (Principal)	<u>Line 5e, 5g</u>
Less: Waivers (Principal)	<u>Line 5h</u>
Less: Write-offs (Bad debts) (Principal)	<u>Line 6a</u>
Total Program Expense	_____
Interest Expense	
CPT Interest	_____
Other Interest	_____
Other Expense (footnote)	_____
Prior Period Adjustments (footnote)	_____
TOTAL EXPENSE	_____
NET RESULTS OF OPERATIONS	_____

HCFA-750B

Exhibit 2

Status of Accounts Receivable
Supplementary Medical Insurance (SMI)
As of _____

Contractor Name _____

ID Number _____

Section A: Outstanding Receivables

	Principal Number	Principal Dollars	Interest Dollars	Interest Number
1. Beginning FY Balance	_____	_____	_____	_____
2a. New Receivables	_____	_____		
2b. Accrued Receivables	_____	_____		
3. Interest Earned		_____		
4a. Cash/Check Collections	_____	_____		
4b. Offset Collections	_____	_____		
4c. Collections Deposited at Another Location		_____	_____	
5a. Adjusted Amounts	_____			
Internal Adjustments		_____	_____	
Auditor/Consultant Adjustments		_____	_____	
5b. Transfers In from other Medicare Contractors		_____	_____	
5c. Transfers Out to other Medicare Contractors		_____	_____	
5d. Transfers In from other HCFA Locations, PSOR		_____	_____	
5e. Transfers Out to other HCFA Locations, PSOR		_____	_____	
5f. Transfers In from other HCFA Locations, Not PSOR		_____	_____	
5g. Transfers Out to other HCFA Locations, Not PSOR		_____	_____	
5h. Waivers		_____	_____	
6a. Amounts Written-off (Bad Debts)	_____	_____	_____	
6b. Transfers In from CNC	_____	_____	_____	
6c. Transfers Out to CNC	_____	_____	_____	
7. Ending Balance	_____	_____	_____	_____
a. Current		_____	_____	
b. Non-current		_____	_____	
8. Allowance for Uncollectible Accounts		_____	_____	
9. Total Receivables Net of Allowance		_____	_____	
10. Cash/Offsets Received for Receivables at Another Location		_____	_____	

Section B: Delinquent Receivables

	Principal Number	Principal Dollars	Interest Dollars	Interest Number
1. Total Not Delinquent	_____	_____	_____	_____
2. Total Delinquent	_____	_____	_____	_____
(a) 1- 30 days		_____	_____	
(b) 31- 60 days		_____	_____	
(c) 61- 90 days		_____	_____	
(d) 91-180 days		_____	_____	
(e) 181-365 days		_____	_____	
(f) 1-2 years		_____	_____	
(g) 2-6 years		_____	_____	
(h) 6-10 years		_____	_____	
(i) over 10 years		_____	_____	

HCFA-751B

Exhibit 2 (Cont.)

Status of Accounts Receivable
Supplementary Medical Insurance (SMI)
As of _____

Contractor Name _____

ID Number _____

Section B: Status of Delinquent Receivables

	Principal Number	Principal Dollars	Interest Dollars	Interest Number
3. Total Delinquent 1-180 days	_____	_____	_____	_____
(a) In Bankruptcy	_____	_____	_____	_____
(b) In Appeal	_____	_____	_____	_____
(c) At Department of Justice	_____	_____	_____	_____
(d) Referred for Cross Servicing	_____	_____	_____	_____
(e) Other Status	_____	_____	_____	_____
4. Total Delinquent over 181 days & Over _____	_____	_____	_____	_____
(a) In Bankruptcy	_____	_____	_____	_____
(b) In Appeal	_____	_____	_____	_____
(c) At Department of Justice	_____	_____	_____	_____
(d) Referred for Cross Servicing	_____	_____	_____	_____
(e) Other Status	_____	_____	_____	_____

Section C: Other Collections

4c. Collections Deposited at Another Location

Contractor/Region	Principal Dollars	Interest Dollars
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

10. Cash/Offsets Received for Receivables at Another Location

Contractor/Region	Principal Dollars	Interest Dollars
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Collections on Delinquent Debt _____

HCFA-751B

Exhibit 2 (Cont.)

Status of Accounts Receivable
Supplementary Medical Insurance (SMI)
As of _____

Contractor Name _____

ID Number _____

Section D: Transferred Receivables

	Principal Dollars	Interest Dollars
5c. Transfers Out to other Medicare Contractors		
Contractor Number		
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
5e. Transfers Out to other HCFA Locations, PSOR		
1. Boston	_____	_____
2. New York	_____	_____
3. Philadelphia	_____	_____
4. Atlanta	_____	_____
5. Chicago	_____	_____
6. Dallas	_____	_____
7. Kansas City	_____	_____
8. Denver	_____	_____
9. San Francisco	_____	_____
10. Seattle	_____	_____
11. Central Office	_____	_____
5g. Transfers Out to other HCFA Locations, Not PSOR		
1. Boston	_____	_____
2. New York	_____	_____
3. Philadelphia	_____	_____
4. Atlanta	_____	_____
5. Chicago	_____	_____
6. Dallas	_____	_____
7. Kansas City	_____	_____
8. Denver	_____	_____
9. San Francisco	_____	_____
10. Seattle	_____	_____
11. Central Office	_____	_____

HCFA-751B

Exhibit 3

Status of Debt - CNC
Supplementary Medical Insurance (SMI)
As of _____

Contractor Name _____

ID Number _____

Section A: CNC Debt

	Principal Number	Principal Dollars	Interest Dollars	Interest Number
1. Beginning FY Balance	_____	_____	_____	_____
2. New CNC Debt	_____	_____	_____	_____
3. Interest Earned Since CNC Approval	_____	_____	_____	_____
4. Reclassified CNC Debt				
a. Re-established as Active A/R Due to collection of cash	_____	_____	_____	_____
b. Re-established as Active A/R Due to collection by offset	_____	_____	_____	_____
c. Re-established as Active A/R Due to bankruptcy, fraud & abuse, litigation, or appeal	_____	_____	_____	_____
d. Written-off Closed	_____	_____	_____	_____
e. Other	_____	_____	_____	_____
5. Amounts Transferred				
a. Transfers In from Medicare Contractors	_____	_____	_____	_____
b. Transfers Out to Medicare Contractors	_____	_____	_____	_____
c. Transfers In from HCFA RO	_____	_____	_____	_____
d. Transfers Out to HCFA RO	_____	_____	_____	_____
e. Transfers In from HCFA CO	_____	_____	_____	_____
f. Transfers Out to HCFA CO	_____	_____	_____	_____
6. Ending Balance	_____	_____	_____	_____

Section B: Aging of CNC Receivables (from determination date)

1. Total Aged CNC Debt	_____	_____	_____	_____
a. 181 days - 1 year	_____	_____	_____	_____
b. 1 - 2 years	_____	_____	_____	_____
c. 2 - 6 years	_____	_____	_____	_____
d. 6 - 10 years*	_____	_____	_____	_____
e. Over 10 years *	_____	_____	_____	_____

* Provide an explanation why debts in these categories were not recommended for write-off closed

Section C: Collection Information

1. Collections on CNC Debt	_____	_____	_____	_____
----------------------------	-------	-------	-------	-------

Section D: Status CNC Debt over 181 Days

Total Delinquent

(a) In Bankruptcy	_____	_____	_____	_____
(b) In Appeal	_____	_____	_____	_____
(c) In Department of Justice	_____	_____	_____	_____
(d) Referred for Cross Servicing	_____	_____	_____	_____
(e) Other Status	_____	_____	_____	_____

HCFA-C751B

Exhibit 4

Status of MSP Accounts Receivable
Supplementary Medical Insurance (SMI)
As of _____

Contractor Name _____

ID Number _____

Section A: Outstanding Receivables

	Principal Number	Principal Dollars	Interest Dollars	Interest Number
1. Beginning FY Balance	_____	_____	_____	_____
2a. New Receivables	_____	_____		
2b. Accrued Receivables	_____	_____		
3. Interest Earned			_____	
4a. Cash/Check Collections		_____	_____	
4b. Offset Collections		_____	_____	
4c. Collections Deposited at Another Location		_____	_____	
5a. Adjusted Amounts	_____			
Internal Adjustments		_____	_____	
Auditor/Consultant Adjustments		_____	_____	
5b. Transfers In from other Medicare Contractors		_____	_____	
5c. Transfers Out to other Medicare Contractors		_____	_____	
5d. Transfers In from other HCFA Locations, PSOR		_____	_____	
5e. Transfers Out to other HCFA Locations, PSOR		_____	_____	
5f. Transfers In from other HCFA Locations, Not PSOR		_____	_____	
5g. Transfers Out to other HCFA Locations, Not PSOR		_____	_____	
5h. Waivers		_____	_____	
6a. Amounts Written-off (Bad Debts)	_____	_____	_____	
6b. Transfers In from CNC	_____	_____	_____	
6c. Transfers Out to CNC	_____	_____	_____	
7. Ending Balance	_____	_____	_____	_____
a. Current		_____	_____	
b. Non-current		_____	_____	
8. Allowance for Uncollectible Accounts		_____	_____	
9. Total Receivables Net of Allowance		_____	_____	
10. Cash/Offsets Received for Receivables at Another Location		_____	_____	

Section B: Delinquent Receivables

	Principal Number	Principal Dollars	Interest Dollars	Interest Number
1. Total Not Delinquent	_____	_____	_____	_____
2. Total Delinquent	_____	_____	_____	_____
(a) 1- 30 days		_____	_____	
(b) 31- 60 days		_____	_____	
(c) 61- 90 days		_____	_____	
(d) 91-180 days		_____	_____	
(e) 181-365 days		_____	_____	
(f) 1-2 years		_____	_____	
(g) 2-6 years		_____	_____	
(h) 6-10 years		_____	_____	
(i) over 10 years		_____	_____	

HCFA-M751B

Exhibit 4 (Cont.)

Status of MSP Accounts Receivable
Supplementary Medical Insurance (SMI)
As of _____

Contractor Name _____

ID Number _____

Section B: Status of Delinquent Receivables

	Principal Number	Principal Dollars	Interest Dollars	Interest Number
3. Total Delinquent 1-180 days	_____	_____	_____	_____
(a) In Bankruptcy	_____	_____	_____	_____
(b) In Appeal	_____	_____	_____	_____
(c) At Department of Justice	_____	_____	_____	_____
(d) Referred for Cross Servicing	_____	_____	_____	_____
(e) Other Status	_____	_____	_____	_____
4. Total Delinquent 181 days & Over	_____	_____	_____	_____
(a) In Bankruptcy	_____	_____	_____	_____
(b) In Appeal	_____	_____	_____	_____
(c) At Department of Justice	_____	_____	_____	_____
(d) Referred for Cross Servicing	_____	_____	_____	_____
(e) Other Status	_____	_____	_____	_____

Section C: Other Collections

4c. Collections Deposited at Another Location

Contractor/Region	Principal Dollars	Interest Dollars
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

10. Cash/Offsets Received for Receivables at Another Location

Contractor/Region	Principal Dollars	Interest Dollars
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Collections on Delinquent Debt _____

HCFA-M751B

Exhibit 4 (Cont.)

Status of Accounts Receivable
Supplementary Medical Insurance (SMI)
As of _____

Contractor Name _____

ID Number _____

Section D: Transferred Receivables

	Principal Dollars	Interest Dollars
5c. Transfers Out to other Medicare Contractors		
Contractor Number		
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

5e. Transfers Out to other HCFA Locations, PSOR

1. Boston	_____	_____
2. New York	_____	_____
3. Philadelphia	_____	_____
4. Atlanta	_____	_____
5. Chicago	_____	_____
6. Dallas	_____	_____
7. Kansas City	_____	_____
8. Denver	_____	_____
9. San Francisco	_____	_____
10. Seattle	_____	_____
11. Central Office	_____	_____

5g. Transfers Out to other HCFA Locations, Not PSOR

1. Boston	_____	_____
2. New York	_____	_____
3. Philadelphia	_____	_____
4. Atlanta	_____	_____
5. Chicago	_____	_____
6. Dallas	_____	_____
7. Kansas City	_____	_____
8. Denver	_____	_____
9. San Francisco	_____	_____
10. Seattle	_____	_____
11. Central Office	_____	_____

HCFA-M751B

Exhibit 5

Status of MSP Debt – CNC
Supplementary Medical Insurance (SMI)
As of _____

Contractor Name _____

ID Number _____

Section A: CNC Debt{tc \12 "Section A: CNC Debt}

	Principal Number	Principal Dollars	Interest Dollars	Interest Number
1. Beginning FY Balance	_____	_____	_____	_____
2. New CNC Debt	_____	_____	_____	_____
3. Interest Earned Since CNC Approval	_____	_____	_____	_____
4. Reclassified CNC Debt				
a. Re-established as Active A/R Due to collection of cash	_____	_____	_____	_____
b. Re-established as Active A/R Due to collection by offset	_____	_____	_____	_____
c. Re-established as Active A/R Due to bankruptcy, fraud & abuse, litigation, or appeal	_____	_____	_____	_____
d. Written-off Closed	_____	_____	_____	_____
e. Other	_____	_____	_____	_____
5. Amounts Transferred				
a. Transfers In from Medicare Contractors	_____	_____	_____	_____
b. Transfers Out to Medicare Contractors	_____	_____	_____	_____
c. Transfers In from HCFA RO	_____	_____	_____	_____
d. Transfers Out to HCFA RO	_____	_____	_____	_____
e. Transfers In from HCFA CO	_____	_____	_____	_____
f. Transfers Out to HCFA CO	_____	_____	_____	_____
6. Ending Balance	_____	_____	_____	_____

Section B: Aging of CNC Receivables (from determination date)

1. Total Aged CNC Debt	_____	_____	_____	_____
a. 181 days - 1 year	_____	_____	_____	_____
b. 1 - 2 years	_____	_____	_____	_____
c. 2 – 6 years	_____	_____	_____	_____
d. 6 - 10 years*	_____	_____	_____	_____
e. Over 10 years *	_____	_____	_____	_____

* Provide an explanation why debts in these categories were not recommended for write-off closed

Section C: Collection Information

1. Collections on CNC Debt	_____	_____	_____	_____
----------------------------	-------	-------	-------	-------

Section D: Status CNC Debt over 181 Days

Total Delinquent

(a) In Bankruptcy	_____	_____	_____	_____
(b) In Appeal	_____	_____	_____	_____
(c) In Department of Justice	_____	_____	_____	_____
(d) Referred for Cross Servicing	_____	_____	_____	_____
(e) Other Status	_____	_____	_____	_____

HCFA-MC751B

Exhibit 6

Medicare Contractor Account Definitions
Data Element Definitions

Account Number	Title
1000	Assets
1100	Cash
1100.01	Part A and Part B
1100.01.01	Benefits Account
1100.01.02	Time Account
1110	Undeposited Collections
1110.01	Part A and Part B
1110.01.03	Undeposited Collections
1310	Accounts Receivable
1310.01	Part A and Part B
1310.01.01	Non-Medicare Secondary Payment (Non-MSP) Overpayments
1310.01.01.01	Provider
1310.01.01.01.01	Cost Report Settlements
1310.01.01.01.02	Claims Accounts Receivable
1310.01.01.01.03	PIP Accrual
1310.01.01.01.04	Credit Balances
1310.01.01.01.05	Other
1310.01.01.02	Beneficiaries
1310.01.01.03	Physicians/Suppliers
1310.01.04	Medicare Secondary Payer (MSP)
1310.01.04.01	Group Health Plan
1310.01.04.01.01	DataMatch
1310.01.04.01.02	Non-DataMatch
1310.01.04.02	Liability
1310.01.04.02.01	MSP Beneficiaries
1310.01.04.02.02	MSP Providers/Physicians/Suppliers
1310.01.04.03	Other MSP
1310.01.99	Other
1311	Advances to Others
1311.01	Part A and Part B
1311.01.01	Advance Payments
1311.01.02	Accelerated Payments
1330	Interest Receivable
1330.01	Part A and Part B
4990	Other Assets
4990.01	Part A and Part B
2000	Liabilities
2110	Accounts Payable
2110.01	Part A and Part B
2110.01.01	Unprocessed Claims

Exhibit 6 (Cont.)

Medicare Contractor Account Definitions
Data Element Definitions

Account Number	Title
2110.01.02	Benefits Payable
2110.01.02.01	Provider
2110.01.02.01.01	PIP Provider Cost Report Settlements
2110.01.02.01.02	PIP Provider Estimated Payable Accr.
2110.01.02.01.03	Non-PIP Provider Underpayments Interim Rate (IR)
2110.01.02.01.04	Non-PIP Provider Underpayments Cost Report Settlements(CS)
2110.01.02.01.05	Claims Withheld for Non-receipt of Cost Reports
2110.01.02.02	Beneficiaries
2110.01.02.03	Physicians/Suppliers
2110.01.02.04	Claims on the Payment Floor
2110.01.03	Suspended Payments
2110.01.03.01	Claims
2110.01.03.02	Common Working File (CWF)
2110.01.03.03	MR/UR Prepayment Review
2110.01.03.04	Medicare Secondary Payer (MSP)
2140	Accrued Interest Payable
2140.01	Part A and Part B
2990	Other Liabilities
2990.01	Part A and Part B
2990.01.01	Unapplied Receipts
2990.01.02	Excess Recoupments
2990.01.03	Due Medicaid
2990.01.99	Other
3010	Fund Account Balance
3310	Cumulative Results of Operations
3310.01	Part A and Part B
5000	Revenue
5303	Interest Revenue
5303.01	Part A and Part B
5303.01.01	Adjustments/Waivers (Contra Account)
5303.01.02	Write-Offs-Closed/Transfers
5303.01.02.01	Bad Debt (Contra Account)
5303.01.02.02	Transfer Out to other HCFA Locations (Contra Account)
5303.01.02.02.01	Transfer In from other HCFA Locations
5303.01.02.02.03	Transfer Out to CNC (Contra Account)
5303.01.02.03.01	Transfer In from CNC
5303.01.02.04	Transfer Out to other Medicare Contractors (Contra Account)
5303.01.02.04.01	Transfer In from other Medicare Contractors

Exhibit 6 (Cont.)

Medicare Contractor Account Definitions
Data Element Definitions

Account Number	Title
5700 5700.01	Appropriated Capital Used Part A and Part B, Draws on Letter of Credit
5900 5900.01 5900.01.01	Other Revenue Part A and Part B Other
6000	Expense
6100 6100.01 6101 6101.01 6101.01.02 6101.01.02.01	Operating/Program Expense Part A and Part B Waivers Part A and Part B Transfers Out to other HCFA Locations Transfer In from other HCFA Locations (Contra Account)
6101.01.03 6101.01.03.01 6101.01.04 6101.01.04.01	Transfers Out to CNC Transfer In from CNC (Contra Account) Transfers Out to other Medicare Contractors Transfers In from other Medicare Contractors (Contra Account)
6106 6106.01 6106.01.01	Write-Offs/Transfers Part A and Part B Bad Debts
6330 6330.01 6330.01.01 6330.01.02	Interest Expense Part A and Part B CPT Interest Other Interest
6909 6909.01	Other Expense Part A and Part B
7400 7400.01.1.1.1.1	Prior Period Adjustments Part A and Part B

Exhibit 6 (Cont.)

Medicare Contractor Account Definitions
Data Element Definitions

The account numbers used in this chart are for reference purposes only. They are not mandated for use by Medicare contractors.

1000	Assets	Report amounts of physical items or rights to ownership.
1100	Cash	Report monetary resources on hand or on deposit with banks or other financial institutions. Balances are the end of month amounts per the contractor's books.
1100.01	Part A and Part B	Report cash allocable for Supplementary Medical Insurance (SMI) activities. Part B data must reconcile to Column E, Line 2, on Form HCFA-1522, Monthly Contractor Financial Report.
1100.01.01	Benefits Account	Report the Federal Health Insurance Benefits Account for SMI.
1100.01.02	Time Account	Report the Federal Health Insurance Time Account by for SMI.
1110	Undeposited Collections	
1110.01	Part A and Part B	Report undeposited collections for SMI activities.
1110.01.03	Undeposited Collections	Report collections on hand not deposited within the accounting period. Undeposited collections include those items received by the last day of the quarter which will be deposited during the subsequent quarter. Prorate undeposited collections on the basis of Column D, Funds Expended, on Form HCFA-1522, Monthly Contractor Financial Report for Part B (SMI). Report deposits in transit as part of the book balance for either 1100.01.01, Benefits Account, or 1100.01.02, Time Account.
1310	Accounts Receivable	Report amounts due from others. A receivable is the identification of an overpayment for services rendered. A demand letter is not the primary instrument for recognizing an accrual. HCFA will only recognize receivables related to Fraud and Abuse once they are litigated by the Department of Justice (DOJ).

Exhibit 6 (Cont.)

Medicare Contractor Account Definitions
Data Element Definitions

1310.01	Part A and Part B	Report accounts receivable attributable to SMI activities.
1310.01.01	Non-Medicare Secondary Payment (Non-MSP) Overpayments	Report accounts receivable for overpayments. Include amounts that exceed adjudicated claims processed, cost reports settled, or other authorized payments. This includes, but is not limited to, overpayments resulting from adjustment bills. Reclassify any overpayment when Medicare is deemed as secondary payer to 1310.01.04, Medicare Secondary Payer.
1310.01.01.01	Provider	This is not a carrier function.
1310.01.01.01.01	Cost Report Settlements	This is not a carrier function.
1310.01.01.01.02	Claims Accounts Receivable	This is not a carrier function.
1310.01.01.01.03	PIP Accrual	This is not a carrier function.
1310.01.01.01.04	Credit Balance	This is not a carrier function.
1310.01.01.01.05	Other	This is not a carrier function.
1310.01.01.02	Beneficiaries	Report overpayments for beneficiaries. This includes, but is not limited to, those items listed on Form HCFA-2174, Carrier Beneficiary Overpayment Activity Report.
1310.01.01.03	Physicians/Suppliers	Report overpayments for physicians and suppliers. This includes, but is not limited to, those items listed on the Physician/Supplier Overpayment Report (PSOR).

Exhibit 6 (Cont.)

Medicare Contractor Account Definitions
Data Element Definitions

1310.01.04	<p>Medicare Secondary Payer (MSP)</p> <p>Report accounts receivable for amounts due as a result of MSP activity, and based on documented debts due Medicare for all debtors. Debtors are employers, insurers, providers, beneficiaries or other persons to whom a demand letter has been issued.</p>
1310.01.04.01	<p>Group Health Plan (GHP)</p>
1310.01.04.01.01	<p>DataMatch</p> <p>Include the amounts identified (HCFA supplied receivables via tapes with an identified report ID on the Mistaken Payments and Recovery Tracking System) as a result of MSP activity for which a demand letter has been issued, for Internal Revenue Service/Social Security Administration DataMatch cases. Outstanding receivables are the amount of debt that has been demanded and payment has not yet received.</p>
1310.01.04.01.02	<p>Non-DataMatch</p> <p>Include the amounts identified (debt specific to GHP, working aged disability, End-Stage Renal Disease (ESRD) as a result of MSP activity for which a demand letter has been issued. The outstanding receivables are the amount of debt that has been demanded and payment has not yet been received.</p>
1310.01.04.02	<p>Liability (MSP)</p> <p>Include the amounts (inclusive of all workman's compensation, automobile/no fault and liability debt, this includes HCFA identified cases) due to MSP activity for which a settlement has been reached related to liability cases. Outstanding receivables are the amount of debts that have been demanded, subsequent to settlement and/or other action, and payment has not yet been received.</p>
1310.01.04.02.01	<p>MSP Beneficiaries</p>
1310.01.04.02.02	<p>MSP Providers/Physicians/Suppliers</p> <p>Outstanding receivables are the amount of MSP initiated debts that have been demanded and payment has not yet been received.</p>
1310.01.04.03	<p>Other MSP</p> <p>Include the amounts due as a result of other MSP activity for which a valid MSP debt has been recognized.</p>

Exhibit 6 (Cont.)

Medicare Contractor Account Definitions
Data Element Definitions

1310.01.99	<p>Other</p> <p>Report actual or estimated other accounts receivable. Include those receivables not otherwise classified in categories presented above. Provide an identifying footnote on CAFM of the nature of this receivable.</p>
1311	<p>Advances to Others</p> <p>Report payments made to providers, physicians, or suppliers in anticipation of claims being processed. Advances are not to be considered as accounts receivable. Do not include them on Form HCFA-751B, Status of Account Receivable report.</p>
1311.01	<p>Part A and Part B</p> <p>Report advance payments and accelerated payments attributable to SMI activities.</p>
1311.01.01	<p>Advance Payments</p> <p>Report the outstanding balance for payments authorized by HCFA instructions for advanced payments based on actual provider claims data. If not recovered according to HCFA instructions, reclassify and report as overpayments.</p>
1311.01.02	<p>Accelerated Payments</p> <p>This is not a carrier function.</p>
1330	<p>Interest Receivable</p> <p>Report interest receivable on accounts receivable. Accrue interest through the last day of the reporting period.</p>
1330.01	<p>Part A and Part B</p> <p>Report SMI interest receivable on accounts receivable and extended repayment plans.</p>
4990	<p>Other Assets</p> <p>Report assets that are not otherwise classified. Provide an identifying footnote in the remark section of Form HCFA-750B report.</p>
4990.01	<p>Part A and Part B</p> <p>Report SMI unclassified assets.</p>

Exhibit 6 (Cont.)

Medicare Contractor Account Definitions
Data Element Definitions

2000	Liabilities
	Report amounts owed after processing Medicare claims and related activities.
2110	Accounts Payable
	Report amounts owed after processing Medicare claims or other authorized expenditures. This includes, but is not limited to, underpayments resulting from adjustment bills.
2110.01	Part A and Part B
	Report accounts payable attributable to SMI activities.
2110.01.01	Unprocessed Claims
	Report the value of the accounts payable for unprocessed claims received in-house that have not yet started processing. The actual value may be developed after the reporting period but before the required date for reporting.
	Use the 30 day rolling average for the number of claims received and not processed to determine the number of average unprocessed claims.
	Multiply the average number of unprocessed claims by the average claims payable as determined by the accounts payable protocol for estimating claims to determine the estimated amount of unprocessed claims.
2110.01.02	Benefits Payable
	Report accounts payable for those claims that have completed processing but checks have not been issued or offsets applied. This includes, but is not limited to, underpayments resulting from adjustment bills. Include claims approved by the CWF. Include claims not approved by the CWF but approved by the RO for payment outside the CWF.
2110.01.02.01	Provider
	This is not a carrier function.
2110.01.02.01.01	PIP Providers - Cost Report Settlements
	This is not a carrier function.
2110.01.02.01.02	PIP Providers - Estimated Payable Accrued
	This is not a carrier function.

Exhibit 6 (Cont.)

Medicare Contractor Account Definitions
Data Element Definitions

2110.01.02.01.03	<p>Non-PIP Providers - Underpayments Interim Rate</p> <p>This is not a carrier function.</p>
2110.01.02.01.04	<p>Non-PIP Providers - Underpayments Cost Report Settlements.</p> <p>This is not a carrier function.</p>
2110.01.02.01.05	<p>Claims Payments Withheld for Non-receipt of Cost Reports</p> <p>This is not a carrier function.</p>
2110.01.02.02	<p>Beneficiaries</p> <p>Report benefits payable to beneficiaries for reimbursement for Medicare services.</p>
2110.01.02.03	<p>Physicians/Suppliers</p> <p>Report benefits payable to physicians or suppliers of Medicare services. This includes, but is not limited to, underpayments of quarterly Health Professional Shortage Area (HPSA) bonus amounts for which a check has not been issued.</p>
2110.01.02.04	<p>Claims on the Payment Floor</p> <p>Adjudicated claims not yet paid.</p>
2110.01.03	<p>Suspended Payments</p> <p>Report actual or estimated benefits payable for claims that were suspended from payment to allow for additional processing.</p>
2110.01.03.01	<p>Claims</p> <p>Report estimated benefits payable for claims needing additional information or further development, including CWF rejects and adjustments.</p>
2110.01.03.02	<p>Common Working File (CWF)</p> <p>Report benefits payable for claims that are pending submission or were submitted to the CWF for approval.</p>
2110.01.03.03	<p>MR/UR Prepayment Review</p> <p>Report estimated benefits payable, based on a developed rate, suspended for MR/UR before payment. The payables after MR/UR are in 2110.01.02, Benefits Payable.</p>

Exhibit 6 (Cont.)

Medicare Contractor Account Definitions
Data Element Definitions

2110.01.03.04	<p>Medicare as Secondary Payer (MSP)</p> <p>Report benefits payable that are suspended for investigation of third party liability for MSP prior to payment.</p>
2140	<p>Accrued Interest Payable</p> <p>Report actual or estimated interest payable on Medicare liabilities through the end of the reporting period including, but not limited to, pending claims, court settlements, claims payment timeliness (CPT), etc.</p>
2140.01	<p>Part A and Part B</p> <p>Report SMI interest payable on Medicare liabilities.</p>
2990	<p>Other Liabilities</p> <p>Report liabilities not otherwise classified. Provide an identifying footnote in remarks section of Form HCFA 750B report.</p>
2990.01	<p>Part A and Part B</p> <p>Report other liabilities attributable to SMI activities.</p>
2990.01.01	<p>Unapplied Receipts</p> <p>Report amounts deposited and not applied to an accounts receivable.</p>
2990.01.02	<p>Excess Recoupments</p> <p>Report amounts recovered from overpayments or from other sources in excess of receivables established and which are eligible for refund. Include those payables identified as due to third party liability payers, e.g., excess recoupment of MSP recoveries being returned to the third party.</p>
2990.01.03	<p>Due Medicaid</p> <p>Report Medicare claims reimbursements withheld based on RO instructions for payment to Medicaid.</p>
2990.01.99	<p>Other</p> <p>Report actual or estimated amounts payable not otherwise classified. These include, but are not limited to, claims payments withheld to satisfy Internal Revenue Service liens, court liens, unidentified receipts that have not been applied to an account receivable. Provide an identifying footnote in CAFM.</p>

Exhibit 6 (Cont.)

Medicare Contractor Account Definitions
Data Element Definitions

3010	Fund Balance	Fund balance reflects the cumulative results of program operations and extraordinary items. It equals the difference between assets and liabilities.
3310	Cumulative Results of Operations	These accounts track the net difference between income and expense activity as reported on the Statement of Operations. This account is updated with the current year-to-date net results of operations.
3310.01	Part A and Part B	Report SMI cumulative results of operations.
5000	Revenue and Other Financing Sources	Report the amount of income from Medicare activities. Typical sources are draws on letter of credit, interest and recoveries of amounts expended in prior periods.
5303	Interest Revenue	Report interest earned from accounts receivable.
5303.01	Part A and Part B	Report SMI interest revenue from accounts receivable. Include current fiscal period earned interest, and any adjustments. This will also include accrued interest in account 1330, Interest Receivable.
5303.01.01	Adjustments/Waivers (Interest)	Report the reduction of the amounts of interest receivable based on application of §§1862(b) and 1870(c) of the Social Security Act. Reconcile with Form HCFA-751B, Status of Accounts Receivable, Line 5h, Waivers, (Interest).
5303.01.02	Write-offs Closed/Transfers (Interest)	Report interest receivable for which collection efforts have been abandoned or that have been transferred to Medicare contractor or other HCFA locations. These accounts must be reconciled with the receiving Medicare contractor or other HCFA location.
5303.01.02.01	Amounts Written-off Closed (Bad Debts) (Interest)	Report interest receivables for which collection is no longer being pursued according to HCFA regulations. Reconcile with Form HCFA-751B, Status of Accounts Receivable, Line 6a, Amounts Written-off Closed (Bad Debts).

Exhibit 6 (Cont.)

Medicare Contractor Account Definitions
Data Element Definitions

5303.01.02.02	<p>Transfers Out to other HCFA Locations (PSOR & Not PSOR) (Interest)</p> <p>Report interest receivable transferred out to other HCFA locations. Reconcile with Form HCFA-751B, Status of Accounts Receivable, Line 5e, Transfers Out to other HCFA Locations, PSOR, interest and Line 5g, Transfers Out to other HCFA Locations, Not PSOR.</p>
5303.01.02.02.01	<p>Transfers In from other HCFA locations (PSOR & Not PSOR) (Interest)</p> <p>Report interest receivable that has been transferred to your location from other HCFA locations in the current period. Reconcile with Form HCFA-751B, Status of Accounts Receivable Line 5d, Transfer In from other HCFA locations, PSOR (Interest) and Line 5f, Transfer In from other HCFA locations, Not PSOR (Interest).</p>
5303.01.02.03	<p>Transfers Out to CNC (Interest)</p> <p>Report interest receivable transferred out to CNC. Transfer the full amount of interest due on the debt. Reconcile with Form HCFA-C751B, Status of Non-MSP Debt CNC, Line 2, New CNC A/R (Interest) and line 6c, Transfers Out to CNC.</p>
5303.01.02.03.01	<p>Transfers In from CNC (Interest)</p> <p>Report interest receivable transferred in from CNC. Transfer the full amount of interest due on the debt. Reconcile with Form HCFA-C751B, Status of Non-MSP Debt CNC, Line 2, New CNC A/R (Interest).</p>
5303.01.02.04	<p>Transfers Out to other Medicare Contractors (Interest)</p> <p>Report interest receivable transferred to Medicare contractors. Reconcile with Form HCFA-751B, Status of Accounts Receivable, Line 5c, Transfers Out to other Medicare Contractors (Interest)</p>
5303.01.02.04.01	<p>Transfers In from other Medicare Contractors (Interest)</p> <p>Report interest receivable transferred in location from Medicare contractors. Reconcile with Form HCFA-751B, Status of Accounts Receivable Line 5b, Transfer In from other Medicare Contractors (Interest).</p>
5700	<p>Appropriated Capital Used</p> <p>Report the amount of Medicare funds drawn to be matched against current period expense. This amount must be consistent with amounts reported on Form HCFA-1521, Contractor Draws on Letter of Credit, and on Form HCFA-1522, Monthly Contractor Financial Report. Do not include administrative draws through the Payment Management System (PMS), (Smartlink).</p>

Exhibit 6 (Cont.)

Medicare Contractor Account Definitions
Data Element Definitions

5700.01	Part A and Part B, Draws on Letter of Credit
	Report SMI draws on Letter of Credit on Form SF (TFS)-5805, Request for Funds.
5900	Other Revenue
	Report revenue not otherwise classified. Provide identifying footnote in remarks section of Form HCFA-750 report.
5900.01	Part A and Part B
	Report SMI other revenue.
5900.01.01	Other
	Report revenue not otherwise classified.
6000	Expense
	Report the outflow of assets or incurrence of liabilities during a period resulting from rendering Medicare services.
6100	Operating/Program Expense
	Report net benefits costs incurred throughout the FY. The expense is the adjusted benefits outlay in cash or its equivalent plus accrued liabilities incurred in carrying out the Medicare Program. This includes, but is not limited to, adjustments for MSP recoveries, reconsideration's, and pending litigation.
6100.01	Part A and Part B
	Report SMI benefit program expense.
6101	Waivers (Principal)
	Report SMI waiver expense.
6101.01	Part A and Part B
	Report the reduction of the amounts receivable based on application of §§1862(b) and 1870(c) of the Social Security Act. Reconcile with Form HCFA-751B, Status of Accounts Receivable, Line 5h, Waivers.

Exhibit 6 (Cont.)

Medicare Contractor Account Definitions
Data Element Definitions

- 6101.01.02 Transfers Out to other HCFA Locations (Principal)
- Report accounts receivable transferred to other HCFA locations. Reconcile with Form HCFA-751B, Status of Accounts Receivable, Line 5e, Transfers Out to other HCFA locations, PSOR and Line 5g, Transfers Out to other HCFA locations, Not PSOR.
- 6101.01.02.01 Transfers In from other HCFA Locations (Principal)
- Report accounts receivable amounts that have been transferred to your location from other HCFA locations in current period. Reconcile with Form HCFA-751B, Status of Accounts Receivable, Line 5d, Transfers In from Other HCFA Locations, PSOR (principal), and Line 5f, Transfers In from Other HCFA Locations, Not PSOR (principal).
- 6101.01.03 Transfers Out to CNC (Principal)
- Report accounts receivable amounts that have been transferred to CNC in accordance with HCFA regulations. Transfer the full amount of principal due. Reconcile with Form HCFA-C751B, Status of Non- MSP Debt - CNC, Line 2, New CNC A/R, and Line 6c, Transfers Out to CNC of Form HCFA-751B, Status of Accounts Receivable report.
- 6101.01.03.01 Transfers In from CNC (Principal)
- Report accounts receivable amounts that have been re-established as an active accounts receivable. Reconcile with Form HCFA-751B, Status of Accounts Receivable, Line 6b, Transfers In from CNC.
- 6101.01.04 Transfers Out to other Medicare Contractors (Principal)
- Report SMI accounts receivable transferred out to Medicare contractors for collection. Reconcile with Form HCFA-751B, Status of Accounts Receivable, Line 5c, Transfers Out to Medicare Contractors.
- 6101.01.04.01 Transfers In from other Medicare Contractors (Principal)
- Report SMI accounts receivable transferred in from Medicare contractors for collection. Reconcile with Form HCFA-751B, Status of Accounts Receivable, Line 5b, Transfers In from Medicare Contractors.
- 6106 Write-Offs Closed (Principal)
- Report accounts receivable for which collection efforts have been abandoned or that have been transferred to another Medicare contractor, or other HCFA location. These accounts must be reconciled with the receiving Medicare contractor or other HCFA location.

Exhibit 6 (Cont.)

Medicare Contractor Account Definitions
Data Element Definitions

6106.01	Part A and Part B Report SMI accounts receivable written off or transferred.
6106.01.01	Amounts Written-off-Bad Debts (Principal) Report receivables for which collection is no longer being pursued according to HCFA rules. Reconcile with Form HCFA-751B, Status of Accounts Receivable, Line 6a, Amounts Written-Off (Bad Debts).
6330	Interest Expense Report interest expense incurred for claims for Medicare benefits or accounts payable.
6330.01	Part A and Part B Report SMI interest expense.
6330.01.01	Claims Payment Timeliness (CPT) Interest Report interest paid for claims that failed the CPT requirement. Reconcile with Form HCFA-1522, interest paid, claims timeliness.
6330.01.02	Other Interest Report interest for other late payments. Reconcile with Form HCFA-1522, interest paid, provider underpayments.
6909	Other Expenses Report benefit expenses not reported in named categories or otherwise classified. Provide an identifying footnote in the remarks section of Form HCFA-750B report.
6909.01	Part A and Part B Report SMI unclassified benefit expenses.
7400	Prior Period Adjustments Report adjustments for prior period activity to restate assets, liabilities, etc. Provide an identifying footnote in the remarks section of Form HCFA-750B report.
7400.01	Part A and Part B Report SMI prior period adjustments.

Exhibit 7

**Accounts Payable
Protocol for Estimating Claims
Form HCFA-750B, Statement of Financial Position**

The amounts recorded in accounts payable (A/P) may be estimated based on actual volumes and historical rates; therefore, calculate and accrue a new estimated liability each reporting period and reverse the accrual for the previous period in full. Charge the expense accounts, rather than the A/P, as actual payments are made.

Exhibit 8

Protocol for Estimating
Allowance for Uncollectible Accounts
Form HCFA-751B, Status of Accounts Receivable

The Federal Accounting Standards Advisory Board (FASAB) recommends through Statement of Federal Financial Accounting Standard Number 1 (Paragraphs 44 & 45) that losses on receivables should be recognized when it is more likely than not that the receivables will not be totally collected. The phrase "more likely than not" means more than a 50 percent chance of loss occurrence. An allowance for estimated uncollectible amounts should be recognized to reduce the gross amount of receivables to its net realizable value. The allowance for uncollectible amounts should be re-estimated on each annual financial reporting date (at a minimum) and when information indicates that the latest estimate is no longer correct. These losses should be measured through a systematic methodology. The systematic methodology should be based on analysis of both individual accounts and a group of accounts as a whole.

Accounts that represent significant amounts, i.e., greater than \$1 million, should be individually analyzed to determine the loss allowance. Loss estimation for individual accounts should be based on (a) The debtor's ability to pay, (b) The debtor's payment record and willingness to pay, and (c) The probable recovery of amounts from secondary sources, including liens, garnishments, cross collections and other applicable collection tools.

The allowance for losses generally cannot be based solely on the results of individual account analysis. In many cases, information may not be available to make a reliable assessment of losses on an individual account basis or the nature of the receivables may not lend itself to individual account analysis. In these cases, potential losses should be assessed on a group basis.

HCFA has implemented FASAB's recommendations and has developed a protocol for Medicare contractors to follow for estimating the allowance for uncollectible accounts. The following section outlines this methodology.

Protocol for Estimating Allowance for Uncollectible Accounts

Medicare contractors must recognize on Line 8, Allowance for Uncollectible Accounts, of Form HCFA-751B, an estimated amount for uncollectible debt in order to reduce the gross amount of receivables to its net realizable value. Medicare contractors must re-estimate the allowance for uncollectible amounts on March 31 and September 30 of each fiscal year, and when information indicates that the latest estimate is no longer correct.

Medicare contractors must measure potential losses due to uncollectible amounts through the systematic method. This systematic method must be based on an analysis. Receivables will be further stratified into sub-groups (i.e., Claims Accounts Receivable, Group Health Plan (GHP) Medicare Secondary Payer (MSP), Liability MSP and Other Accounts Receivables).

Group 2 (Carriers)

Sub-Group 1

- 1) Claim Accounts Receivable, Credit Balances & Other Accounts Receivable

Sub-Group 2

- 1) Group Health Plan (Data Match/Non Data Match) MSP
- 2) Liability MSP

Exhibit 8 (Cont.)

Protocol for Estimating
Allowance for Uncollectible Accounts
Form HCFA-751B, Status of Accounts Receivable

For Group 2, Subgroup 1, Medicare contractors will perform 2 steps to calculate and validate the allowance for uncollectible accounts.

1. Calculate the allowance based on the historical collection percentage (see detailed instructions below) for Non MSP as a whole.
2. The contractor should then compare the calculated amount to the total delinquencies exceeding 180 days (Section B of Form HCFA-751B "Delinquent Receivables") for reasonableness.

For Group 2, Subgroup 2, Medicare contractors will perform 2 steps to calculate and validate the allowance for uncollectible accounts.

1. Calculate the allowance based on the historical collection percentage (see detailed instructions below) for MSP as a whole.
2. The contractor should then compare the calculated amount to the total delinquencies exceeding 180 days (Section B of Form HCFA-751B "Delinquent Receivables") for reasonableness.

Historical Collection Percentage Calculation

A. Determine Total Receivables Eligible for Collection. (Using Form HCFA-751B)

Required Formula:

Beginning Balance	(Line 1)
Plus: New/Accrued	(Line 2)
Plus/Less: Adjustment (plus if positive number - less if negative number)	(Line 5a)
Plus: Transfers In from Medicare Contractor(s)	(Line 5b)
Plus: Transfers In from HCFA Locations	(Line 5d & 5f)
Plus: Transfers In from CNC	(Line 6b)
Less: Waivers	(Line 5h)
Less: Transfers Out to Medicare Contractor(s)	(Line 5c)
Less: Transfers Out to CNC	(Line 6c)
Less: Transfers Out to HCFA Locations	(Line 5e & 5g)

Equals: Total Receivables Available to be Collected

B. Determine Rate of Collections

Line 4a Collections plus Line 4b Offsets divided by Total Receivables Available to be Collected (number calculated from Step A) multiplied times 100 determines the rate of collections percentage.

Exhibit 8 (Cont.)

Protocol for Estimating
Allowance for Uncollectible Accounts
Form HCFA-751B, Status of Accounts Receivable

C. Determine the Allowance Rate.

1.00 minus the percentage determined from Step B, equals the allowance rate

D. Average the percentage calculated in Step C with a 5-year historical allowance rate (if available, if not available, maintain statistical data to develop historical rate, and go proceed to step E).

E. Calculate the Allowance.

Multiply the ending balance (Line 7 of Form HCFA-751B) by the allowance rate from Step C or Step D.

Exhibit 8 (Cont.)

Allowance for Uncollectible Accounts Matrix

	Historical Collection % Total	Individual Account Analysis Total	Delinquencies Exceeding 180 Days Total	Amount Reported on Line 8, HCFA 751B	Justification for amount recorded on Line 8
Group 2, Sub-Group 1					
Group 2, Sub-Group 2					

Each Medicare contractor will be required to complete the allowance for uncollectible account matrix on March 31 and September 30 of each year. In addition, this matrix is to be mailed to HCFA CO. Supporting documentation must include assumptions used to calculate the allowance for uncollectible accounts and should be available for review by HCFA, OIG, GAO or other parties as required.

Exhibit 9

Electronic Certification

The Electronic Certification process requires that the Chief Financial Officer (CFO) enter his password in the certifying official's current password field on the remarks page of Form HCFA-750B and all the HCFA-751B forms. When the password is keyed in, the certifying official's name and title will appear on the document and allow the document to be submitted electronically through the CAFM. For security purposes the new password field is present to allow the certifying official to change the password assigned by HCFA to one only he/she knows.

Two people are required to submit a certified report. The preparer may input the financial data but cannot certify the reports. The CFO may not input data. The preparer must retrieve the report in order to allow certification.

1. From the CAFM Main Menu select option 2 - Data Entry.
2. Select the type of report to certify.
3. From the Data Entry Menu select option 5 - Update Remarks.
4. Select the package (report) to certify.
5. Enter the certifying official's current password.

If there are no serious errors (use PF6-SHOW ERRS to show errors), you may submit the report (use PF2-SUBMIT to submit the report) and it will be accepted.

If you are working in a worksheet and decide to certify and submit the report, you may either use the function keys (PF7-PAGE -and PF8-PAGE+), enter FREM (find remarks) on the transporter line or use the jump key (PF9-JUMP) to go to the remarks page.

You must re-enter your password if you review any portion of the report after certification and prior to submission even if no changes are made. CAFM will not store your password.

Exhibit 10

Instruction for the Transfer of Debt Between Reporting Entities

HCFA continues to receive criticism from the OIG and its financial statement auditors for being inconsistent in methods of referring or transferring accounts receivable cases to and from Medicare contractors and other HCFA locations. This criticism is a direct result of the lack of a formalized process and specific instructions for referring and transferring accounts receivable cases between reporting entities.

For financial reporting purposes, the term “referred” is used when a case is not physically sent to the receiving entity for collection purposes. In a “referral” situation, the receiving entity merely “advises and/or assists” the referring entity on what actions to take next with respect to the debt. The responsibility to collect and report the accounts receivable remains with the referring entity and must be reported as part of the ending accounts receivable balance on their Form HCFA-751B, Status of Accounts Receivable report.

A “transfer” results when a copy of the up-to-date overpayment case file is physically “transferred” to another reporting entity, i.e., a Medicare contractor or other HCFA locations. Along with the case file, the transferring entity must attach a “**Transfer Request and Notification of Acceptance**” form. (See Exhibit 10, Attachment I.) This form will serve as both: 1) The transferring entity’s request to transfer the case(s), and 2) The receiving entity’s notification of acceptance of the transfer.

The transferring entity must complete the form and sign Line 1. The form summarizes the case(s) requiring transfer approval. No entry will be made on Form HCFA-751B at this time. Upon receipt of the form, the entity receiving the request will sign Line 2 of the form and forward a copy of the form back to the transferring entity. This will notify the transferring entity of the receipt of the request. The receiving entity will process the request within 30 days of receipt of the transfer, and will return a copy of the Transfer Request and Notification of Acceptance form indicating the case(s) is approved for transfer by signing Line 3 of the form.

Only upon receipt of the form signed by the receiving entity, will the transferring entity update its internal systems to reflect the transfer of the accounts receivable to the receiving entity. The transferring entity will reflect the dollar amount of the case(s) approved for transfer on the appropriate transfers out line of Form HCFA-751B (Line 5c, Transfers Out to Medicare contractor(s); Line 5e, Transfers Out to other HCFA locations, PSOR; Line 5g, Transfers Out to other HCFA locations, Not PSOR). Also upon receipt of the form, the transferring entity must sign Line 4 and forward a copy to the receiving entity to acknowledge receipt of the formal approval for transfer.

The receiving entity will update all internal systems as well as the PSOR to reflect the transfer. The location or Medicare contractor number must also be updated in the PSOR system to reflect the transfer. In addition, the receiving entity will reflect the dollar amount of the case(s) approved for transfer on the appropriate line of Form HCFA-751B (Line 5b, Transfers In From Medicare contractor(s); Line 5d, Transfers In from other HCFA locations, PSOR; Line 5f, Transfers In from other HCFA locations, Not PSOR).

Prior to submission of the quarterly Form HCFA-750/751B, reporting entities must reconcile the transfers in and transfers out lines to ensure approved transfers are only being reported. In addition to the requirement to maintain detailed transaction level documentation to support these lines, reporting entities must also retain copies of the signed Transfer Request and Notification of Acceptance forms.

Exhibit 11**Collection Reconciliation/Acknowledgement Form**

There are instances where one reporting entity has received and deposited cash/check/offset/electronic funds transfers (EFTs) for a receivable that is being reported by another entity. In this situation, accounts receivable cases will not be transferred to the location where the deposit of the money is made. To ensure proper matching and application of the collection of monies to the outstanding receivable, the "Collection Reconciliation/Acknowledgement" Form must be completed. This form must be completed by the entity (Medicare contractor, HCFA RO or CO) receiving a collection for an accounts receivable that is currently being reported on the financial reports (Forms HCFA-751B/HCFA-R751) of another entity.

Medicare contractors, RO and CO are required to ensure that internal controls are in place over the cash/check receipts process to ensure adequate accounting, recording and custody of Medicare assets.

Cash/Check Collections

In the instance where a Medicare contractor or CO receives cash/checks, the Medicare contractor or CO must complete lines 1 through 10 of the form and attach all documentation showing the collection of cash/checks. In the instance where a RO receives cash/checks and does not maintain a Medicare bank account to deposit the funds received, the RO must complete lines 1 through 10 of the form and attach the cash/check. The entity that receives the cash/check collection must retain a copy of the form and the check before forwarding them to the entity that will record the collection deposited at another location on its Form HCFA-751/HCFA-R751. This form should be forwarded to the reporting entity no later than (15) fifteen days before the end of the quarter. The entity receiving the form and the check must sign the form on line 11 and forward a copy of the form to the official who signed line 10, no later than (15) fifteen days after the receipt of the form. This will acknowledge the receipt of the form and the check.

Non-Cash Collections (Offsets/Electronic Funds Transfers)

In the instance where a Medicare contractor or CO receives a non-cash collection due to offset or EFT, the Medicare contractor or CO must complete lines 1 through 10 of the form and attach all documentation showing the offset or EFT. The entity that receives a non-cash collection must retain a copy of the form and any documentation before forwarding them to the entity that will record the collection deposited at another location on its Form HCFA-751/HCFA-R751. This form should be forwarded to the reporting entity no later than (15) fifteen days before the end of the quarter. The entity receiving the form and the supporting documentation must sign the form on line 11 and forward a copy of the form to the official who signed line 10, no later than (15) fifteen days after the receipt of the form. This will acknowledge the receipt of the form and the supporting documentation.

Exhibit 11 (Cont.)

Collection Reconciliation/Acknowledgement Form

- (1) Location of A/R _____ (i.e., Medicare contractor, RO, or CO)
- (2) Location of the Collection _____ (i.e., Medicare contractor, RO, or CO. If RO Collection, indicate such even though actual deposit is made at Central Office)
- (3) Region _____ Medicare contractor Name and Number _____
- (4) Non-MSP Accounts Receivable
 Provider/Physician/Supplier) Number _____
 Provider/Physician/Supplier Name _____
 Tax Identification Number _____
 Overpayment Determination Date _____
 Claim Number _____ Claim Paid Date _____ or
 Cost Report Year _____
- MSP Accounts Receivable
 Debtor Name _____
 HIC # / Report ID _____
 Determination Date _____
 Beneficiary Name _____
- (5) Was debt in CNC status prior to this collection: _____ (Yes/No)
- (6) Date of Collection (Postmark or Government Collection date) _____
- (7) Type of Collection _____ (i.e., cash/check or offset)
 Check Number or Government Collection Number _____
 Amount of Collection \$ _____
 Amount Applied to Principal \$ _____
 Amount Applied to Interest \$ _____
- (8) Collection Reported in quarter ending _____
- (9) A/R Reported in quarter ending _____
- (10) Signature of Official at Location _____
 Where Collection is Reported
- (11) Signature of Official at Location _____
 Where Reduction of A/R is Recorded
- Phone # _____ Phone # _____
 Fax # _____ Fax # _____

Exhibit 12**Instructions for Reporting Non-MSP Currently Not Collectible (CNC) Debt**

As part of our effort to improve financial reporting, we are revising the policy for reporting non-MSP delinquent debt. In April 1999, the Health Care Financing Administration (HCFA) issued Program Memorandum (PM) Transmittal Number AB-99-26, *Financial Reporting of Delinquent Debts - Non-MSP Accounts Receivable*, outlining HCFA's revised policy for recognizing uncollectible non-Medicare Secondary Payer (Non-MSP) debt. This manual instruction supersedes PM AB-99-26 (dated April 1999), and will establish a standard to manage and report delinquent Non-MSP debt older than two years where chances of collection are unlikely. Specifically, this debt will be categorized as "Currently Not Collectible" (CNC) debt. Debts that are recommended by the Medicare contractor to be "written-off closed," in accordance with established write-off policies and procedures, must first obtain approval from its' HCFA's Regional Offices (ROs).

CNC debt is not recognized as an accounts receivable for financial reporting purposes, because to do so would overstate the true economic value of the assets on the financial statements. While CNC debts are not accounts receivable reported on the financial statements, CNC debt remains eligible for collection including using the tools of the Debt Collection Improvement Act of 1996. This allows delinquent debt to be worked until the end of its statutory collection life cycle.

The Department of Treasury and the Office of Management and Budget require that Agencies submit reports to them on financial management and performance data so that debt collection programs and policies can be evaluated. Thus, HCFA is requiring its Medicare contractors to report and monitor CNC debt on a quarterly basis. HCFA Central Office (CO) will continue to review and approve debts for CNC status. HCFA RO will also review and recommend approval of debts submitted by their Medicare contractors for CNC. This PM clarifies the dollar thresholds and types of debt eligible to be reclassified as CNC, as well as providing guidance on writing off specific debts as "write-off closed" that meet the criteria outlined below.

Quarterly Review of Debt for CNC Reclassification

CNC is defined as debts over two years old with no payment, recoupment, or offset activity within the past twelve months. CNC debts must be valid, legally enforceable, not in bankruptcy, appeal, or under fraud and abuse investigation, and the debtor cannot be deceased. These debts should remain as active debts in Medicare contractors' claims processing systems. Debts also excluded from this definition are debts that are less than \$600 and beneficiary debts. Although these types of debts may satisfy the CNC definition, Medicare contractors should recommend for approval by the RO to write this debt off as "write-off closed." Debts that are less than \$600 and beneficiary debts previously approved for reclassification to CNC, should be submitted to HCFA ROs for approval of "write-off closed."

Fiscal intermediary claims accounts receivables are also excluded from CNC reclassification and should remain on the contractors' books as active debt. On the other hand, carrier claims accounts receivable will be considered for CNC status, and must meet the CNC definition referred to above for recommendation to CNC reclassification.

Debts recommended for "write-off closed" should be referred to the ROs under normal debt collection "write-off closed" and referral procedures. Debts previously approved for CNC reclassification which now exceed the six year statute of limitations for collection, should also be recommended for "write-off closed" by the Medicare contractor. Debts cannot be reclassified to CNC or "write-off closed" in the Medicare contractors' internal systems until formal HCFA approval has been received by the contractor.

Exhibit 12 (Cont.)

Instructions for Reporting Non-MSP Currently Not Collectible (CNC) Debt

Medicare contractors must continuously review all debt and quarterly request approval to reclassify debts as CNC. Therefore, Medicare contractors are required to submit a report to RO Debt Collection Staffs each quarter containing all debts that are being recommended for CNC reclassification. RO Debt Collection Staffs will review these reports for completeness and forward them to the CO Debt Collection Branch for final review and approval by the HCFA Claims Collection Officer. A Medicare contractor must submit a negative report if it does not have any debts eligible for CNC for the quarter. ROs are required to submit a package, including the reports of all Medicare contractors in its' region, to CO no later than 45 days after the end of each quarter. CO will return approved listings to the ROs within 30 days of receipt. Approved reports will be returned to the Medicare contractors through the ROs.

The Financial Workgroups for each shared system are encouraged to include this criteria when requesting systems changes for CNC debts. The Medicare contractor systems should produce a report that identifies debts meeting the CNC definition. Quarterly reports submitted to the RO requesting CNC approval must be reviewed and certified by the Chief Financial Officer of Medicare Operations at each Medicare contractor site. This report should include a concurrence line for the RO and CO Debt Collection Branch, and an approval line for the signature of the HCFA Claims Collection Officer. The Medicare contractor should update their internal systems to identify the approved CNC.

Each report must include the following information:

Carrier Overpayments:

- o Medicare Contractor Name and Number;
- o Medicare Contractor Contact Person/Phone/Fax;
- o Medicare Contractor Mailing Address;
- o Physician/Supplier Name and Number;
- o Claim Number;
- o Claim Paid Date;
- o Overpayment Determination Date;
- o Status Code;
- o Source Code;
- o Original Amount of Debt;
- o Balance Outstanding (principal and accrued interest listed separately);
- o Date interest accrued through;
- o Date of last payment, offset or recoupment;
- o Debtor Tax Identification Number;
- o Last Known Address Of Debtor; and
- o Medicare Contractor's Recommendation: CNC or Closed.

Reports requesting approval to reclassify debt as CNC must be submitted to the RO quarterly, and no later than 30 days after the end of the quarter. (See Exhibit 12, Attachment I for an example of the required reporting format.) After formal HCFA approval is received, Medicare contractors are responsible for updating the new status of the debt in their internal systems, as well as the Physician/Supplier Overpayment Reporting (PSOR) system. The update must be performed within ten calendar days from the receipt of the approval.

Exhibit 12 (Cont.)**Instructions for Reporting Non-MSP Currently Not Collectible (CNC) Debt****Financial Reporting**

All transaction level detailed documentation concerning any adjustments, write-off closed, and CNC must be retained for the Office of Inspector General (OIG) or any other internal or external review organization, in accordance with record retention procedures outlined in the Medicare Carrier Manual. This detailed documentation must be readily available for review upon request by HCFA, OIG and/or General Accounting Office.

Medicare contractors are reminded that debts that are reclassified to CNC may still be collected. Thus, memorandum entries of CNC debt must be maintained within the Medicare contractor shared systems in the event a collection occurs. The Medicare contractor's recoupment/offset flags in the shared system must remain in effect even after the debt is reclassified as CNC. Again, transaction level detail documentation to support each line item balance of CNC debt reported on Form HCFA-C751B report is required to be maintained to ensure that HCFA and its Medicare contractors have supportable balances.

Debts that have received approval for CNC reclassification must be reported in the following manner:

1. On Form HCFA-751B, the amount reclassified as CNC, including principal and interest, will be recorded on Line 6c, Transfers Out to CNC. This will reduce the ending balance reflected on Form HCFA-750B.
2. On Form HCFA-750B, the correct ending balance (now reduced by the CNC debt) will be reported on the appropriate line (i.e., Beneficiary or Physician/Supplier) in the asset section of the balance sheet. Accordingly, the Transfers Out to CNC amount reflected in the Expense portion of the income statement should be increased to reflect the value of principal debt reclassified as CNC; a reduction of revenue on the Transfers Out to CNC line should be recorded in the Revenue section of the income statement for the value of interest reclassified as CNC.
3. Debts that are reclassified as CNC may still be collected. These debts should not be removed from internal accounting systems or the PSOR. Memorandum entries should be maintained in the Medicare contractor systems, and if collection subsequently occurs, an upward adjustment for the full amount of the debt collected should be recorded on line 6b, Transfers In from CNC of Form HCFA-751B, and a simultaneous collection recorded on Line 4a, Cash/Check Collections or Line 4b, Offset Collections of Form HCFA-751B.
4. Amounts reclassified to CNC during each reporting period, and a cumulative amount for that fiscal year should be reported on Line 2a, New CNC Debt of Form HCFA-C751B.
5. A CNC date field has been added in the PSOR and additional status codes have been developed. Each debt approved for CNC must be updated with the status code "01". The current date must be entered in the CNC date field. The update must be performed within ten calendar days of identification as a CNC debt. Do not change the location code of the debt.

Debts previously approved and updated to CNC status in the PSOR may need to be reactivated as collections or events occur that will render the debt ineligible to remain in CNC status. These debts will be returned to active status. Status codes in the PSOR have been developed that will show that the debt was previously CNC, but has now been returned to active status.

Exhibit 12 (Cont.)

Instructions for Reporting Non-MSP Currently Not Collectible (CNC) Debt

Additional Status Codes for PSOR:

1. CNC
2. Write-Off Closed
3. CNC – DCIA letter sent
4. Reactivate – Bankruptcy
5. Reactivate – Payment received
6. Reactivate – Appeal/Litigation/Fraud & Abuse Investigation
7. Reactivate – Compromise
8. Reactivate – Extended Repayment Agreement
9. CNC Debt – Written-Off Closed
10. Reactivate – Other (includes Debtor Deceased)

The “9” must be accompanied by a valid closed date. Cases with a status code of “9” (PSOR), and a valid closed date will be rolled to a history file at the end of the quarter.

In addition to updating the PSOR with the appropriate status codes for the reactivation, the CNC date previously inputted should be removed. Updating the CNC Date field in the PSOR requires the user to enter zeroes in the CNC Date field and depressing Enter.

Medicare contractors must continue to accrue interest for debt which has been reclassified as CNC. Additionally, HCFA recognizes that for those systems where interest is updated automatically, the interest submitted with a recommendation for CNC may differ from the interest shown in the Medicare contractor’s system at the time the Medicare contractor receives approval for CNC. The HCFA approval of the principal and interest recommended for CNC is sufficient support for the subsequent reclassification, including any increase in the interest, as long as the principal remains the same.

Exhibit 13

Medicare Secondary Payer (MSP) - Procedures for Reporting MSP as
Currently Not Collectible (CNC) Debt

As part of its effort to improve financial reporting, HCFA has implemented the category of "currently not collectible" (CNC) for delinquent debt which is unlikely to be collected within a reasonable time frame. HCFA's CNC policy provides that CNC debt will not be recognized as accounts receivable (A/R) for financial statement reporting purposes because to do so would overstate the true economic value of the assets on the financial statements. While CNC debts are not A/R reported on the financial statements, Medicare contractors must continue appropriate recovery efforts for these debts until they are recommended and approved by HCFA for "write-off closed." The CNC process permits and requires the use of tools of the Debt Collection Improvement Act (DCIA) of 1996.

Criteria for Selection – The criteria for selection for CNC and the specific instructions for implementation of this category are different for MSP A/R and non-MSP A/R due to the differing characteristics of MSP and non-MSP debt. All MSP A/R which are 180 days delinquent must be recommended for CNC reclassification. The MSP A/R must be 180 days delinquent as of the last day of the quarter prior to the quarter in which the CNC recommendation is submitted for RO approval. "All MSP A/R" means all, without regard to whether the debt is Group Health Plan (GHP) based or liability/no-fault/workers' compensation based and without regard to the type of debtor (employer, insurer, beneficiary, provider/supplier, etc.). Where the MSP recovery demand letter stated that the debt was due and payable 30 days from the date of the demand, the debt is delinquent on day 31 if it has not been paid in full or there is no valid documented defense for the unpaid amount. Where the MSP recovery demand letter stated that the debt was due and payable 60 days from the date of the demand, the debt is delinquent on day 61 if it has not been paid in full or there is no valid documented defense for the unpaid amount. Additionally, all MSP accounts receivable which are 180 days delinquent will be reclassified as CNC without regard to whether or not the debt is in bankruptcy, under fraud and abuse investigation, has an appeal pending at any level, or is in litigation/negotiation. An MSP debt's eligibility for DCIA referral to a Department of the Treasury designated Debt Collection Center for further collection efforts, including the Treasury Offset Program (TOP) has no bearing on or relationship to whether or not the debt should be reclassified as CNC.

Additional Considerations – If a Medicare contractor believes that a particular MSP A/R meets the criteria for both "write-off closed" and CNC, the MSP A/R should be recommended for "write-off closed."

These instructions supplement, but do not supercede instructions for the category of "write-off closed" for MSP debt. MSP debts on Form HCFA-M751B and MSP debts which have been reclassified as CNC should be recommended for "write-off closed" if they meet the criteria for MSP "write-off -- closed." The difference is that the final "write-off closed" action for CNC debt will be reported on Form HCFA-MC751B rather than on Form HCFA-M751B.

These instructions only apply to established A/R. They may not be used to close MSP liability/no-fault/workers' compensation leads where no settlement, judgment or award exists and no recovery demand has been issued.

Some Medicare contractors may still have old MSP-based provider/supplier (including physician) debt or MSP-based beneficiary debt which has not been reported on their Form HCFA-M751B, and which has been referred to the RO under non-MSP rules or otherwise treated as a non-MSP receivable. Old MSP-based debt that has been treated as non-MSP debt (that is tracked and processed under non-MSP rules) should be treated as non-MSP debt for CNC purposes as well.

Medicare contractors may only recommend CNC for a MSP A/R which is being reported as part of their ending MSP A/R balance. MSP A/R which have been transferred to ROs for referral to other agencies or entities such as the Department of Justice or Office of General Counsel

Exhibit 13 (Cont.)

Medicare Secondary Payer (MSP) - Procedures for Reporting MSP as
Currently Not Collectible (CNC) Debt

will be addressed by the ROs. MSP A/R with CO locations will be addressed by CO. MSP A/R which have been referred to another location, without transfer, remain the responsibility of the Medicare contractor.

Medicare contractors may not recommend CNC for less than the full amount of an outstanding MSP "debt." For GHP based MSP A/R where the demand was issued to the employer, insurer, or third party administrator, GHP, or other plan sponsor, the debt includes all of the claims in a demand to a debtor for a particular beneficiary. For GHP Data Match (DM) recoveries, this would be all of the claims associated with a particular Mistaken Payment and Recovery Tracking System (MPaRTS) Report ID although a single cover letter might have been issued for multiple beneficiaries' Medicare reimbursed claims. For duplicate primary payment recovery demands to a provider/supplier (including physician), the debt includes all claims in the recovery demand regardless of the number of beneficiaries involved. For liability, no-fault, or workers' compensation, the debt includes all claims in the recovery demand.

Previously some Medicare contractors processed/tracked MSP-based provider/supplier (including physician) A/R and/or MSP-based beneficiary A/R as non-MSP A/R and did not include such A/R on their HCFA-M751B report. Medicare contractors may no longer do this for new A/R. Any pre-existing MSP-based provider/supplier (including physician) A/R and/or MSP-based beneficiary A/R which are not reflected in the contractor's HCFA-M751B report may not be recommended for CNC. Pre-existing MSP-based provider/supplier (including physician) A/R and/or MSP-based beneficiary A/R which have been tracked/processed, or otherwise treated as non-MSP debt should follow the rules for non-MSP CNC.

Medicare contractors must continue to accrue interest for debt which has been reclassified as CNC. Additionally, HCFA recognizes that for those systems where interest is updated automatically, the interest submitted with a recommendation for CNC may differ from the interest shown in the Medicare contractor's system at the time the Medicare contractor receives approval for CNC. The HCFA approval of the principal and interest recommended for CNC is sufficient support for the subsequent reclassification, including any increase in the interest, as long as the principal remains the same.

Medicare contractor systems must be able to maintain transaction level detail of debt that has been reclassified as CNC to enable future collection activities and to maintain a proper audit trail.

Data requirements and format for recommendations for CNC:

MSP A/R recommended for CNC require the submission of the following information to the Medicare contractor's RO MSP coordinator: (see Exhibit 13, Attachment I for the recommended format)

- Medicare contractor name and number
- Medicare contractor mailing address
- Medicare contractor contact person/phone number/fax number/e-mail address
- Type of MSP Debt [GHP or non-GHP (this includes liability, no-fault, and workers' compensation)]
- Beneficiary Health Insurance Claim Number (HICN)
- Beneficiary name
- Name of debtor.
- Name of insurer for GHP based debts where the current debtor is the insurer/employer/third party administrator/GHP/other plan sponsor
- Type of debtor (A=insurer/employer/third party administrator/GHP/other plan sponsor; B=provider/supplier(including physicians); C=beneficiary, D=other (must specify)).
- Date of initial recovery demand letter to current debtor.

Exhibit 13 (Cont.)

Medicare Secondary Payer (MSP) - Procedures for Reporting MSP as
Currently Not Collectible (CNC) Debt

- Original A/R amount for the current debtor
- Existing A/R amount (principal and interest listed separately, as well as a total amount for principal plus interest; HI/SMI must also be listed and reported separately)
- Date of last payment, collection, recoupment, offset, or adjustment activity (provide date or none")
- Tax Identification Number (TIN) for debtor. The TIN is the Employer Identification Number (EIN) or Social Security Number (SSN).

NOTE: The debtor is the individual or entity to whom the last recovery demand was issued. Where the demand was issued to an individual in their capacity as legal counsel or representative of any type, the debtor is the beneficiary, provider/supplier (including physician), or other individual or entity being represented. Where recovery is being pursued from the attorney or other representative in their own right, the debtor is the attorney or other representative.

The above listed data elements are mandatory for CNC for all MSP A/R established October 1, 2000 or later. It is also mandatory for all MSP A/R with a recovery demand date of October 1, 2000, or later, regardless of when the MSP A/R was established. For CNC recommendations for MSP A/R established prior to October 1, 2000, Medicare contractors may submit recommendations without the following data elements if the CNC recommendation certifies that these data elements are not readily available: Beneficiary name and HIC number where the beneficiary is not the debtor; Insurer name where the insurer is not the debtor; and Type of debtor.

If a Medicare contractor has bulk MSP A/Rs on the GTE system for older Data Match and non-Data Match GHP debt, the Medicare contractor - for these MSP A/R only - must: 1) Identify the MSP A/R as a bulk receivable on the GTE system, 2) Identify the insurer, 3) Identify the date of the demand, and 4) Identify the associated dollar amounts for principal and interest. Any Medicare contractor who created bulk receivables for GHP- based MSP debt using any system other than GTE must contact their RO for assistance. The RO will, in turn, discuss the issue with CO.

Each listing must contain a written certification that all of the required criteria/considerations for CNC are met.

Recommendations must be signed by the CFO of Medicare Operations. The CFO's signature constitutes his/her certification to all information/statements contained in the recommendation.

CNC Approval Process

Recommendations for the approval of CNC should be sent to your RO MSP Coordinator electronically and by hard copy no later than the first day of the second month of each quarter (November 1, February 1, May 1, and August 1). Hard copies should be dated and mailed the same day as the electronic transmission. The hard copy must be signed by the CFO of Medicare Operations. Include a preprinted address label with the hard copy for the return of approved CNC recommendations.

ROs are responsible for approval or denial of all recommendations for CNC based upon the criteria set forth in these instructions. RO approval will be by the Associate Regional Administrator (ARA) for Financial Management. ROs will complete their review of the Medicare contractors' recommended CNC and return their approval or denial of such reclassifications by the first of the last month of each quarter (December 1, March 1, June 1, and September 1). ROs may return an electronic copy annotated to show approval or denial by the RO ARA for Financial Management in order to meet the required time frame for approval, but this will be followed by a hard copy which was signed and dated by the ARA for Financial

Exhibit 13 (Cont.)

Medicare Secondary Payer (MSP) - Procedures for Reporting MSP as
Currently Not Collectible (CNC) Debt

Management. (ROs will also send copies of the signed RO approval or denial each quarter to HCFA CO to the attention of: 1) Chief, MSP Operations Branch, Division of Financial Integrity, Office of Financial Management; and 2) Chief, Financial Reporting and Oversight Branch, Division of Accounting, Office of Financial Management).

The reclassification of MSP A/R to CNC should not be performed nor should any changes be made to any systems (internal or other systems which contractors have responsibility for updating) until the recommendation for CNC has been processed by HCFA, approved in writing, and returned to the Medicare contractor. The ROs will return the listing of approved CNC to the Medicare contractors. Receipt of this approval authorizes the Medicare contractor to reclassify the MSP A/R, and update the MSP A/R and associated case in all appropriate systems. Where the RO does not approve a recommended CNC for a particular debt, the RO will annotate this clearly on the returned form. This information will be clearly shown on the advance electronic copy of the approval, as well as the hard copy signed by the ARA for Financial Management. When the MSP A/R is reclassified as CNC, the associated case file must be annotated to show that a particular MSP A/R was reclassified as CNC and the date/quarter of the action. Reclassification as CNC does not close the associated case. The Mistaken Payment and Recovery Tracking System does not need to be updated for Data Match debt when the MSP A/R is reclassified as CNC.

The HCFA approval of MSP A/R reclassified as CNC must be retained and available upon request (from the Office of the Inspector General or any other internal or external review organization) in accordance with retention procedures in the Medicare Intermediary and Carrier Manuals. Medicare contractors are also reminded that under the Department of Justice's requested records freeze, all records must be retained indefinitely. This HCFA approval must also be annotated by the Medicare contractor to indicate the date/quarter the MSP A/R was reclassified.

Exhibit 14

HCFA Policy for Recognizing Accounts Receivable

Overview

The majority of the Medicare accounts receivable balances reported by HCFA in its financial statements are comprised of overpayments made to providers, physicians, suppliers, beneficiaries, insurers, employers and other entities. The primary responsibility for identifying, recording, collecting, and reporting overpayments lies with HCFA's Medicare contractors. HCFA defines an "overpayment" as Medicare funds that a provider, physician/supplier, beneficiary, insurer, employer, or other entity has received in excess of amounts due and payable under the Medicare statute and regulations. Once a determination of an overpayment has been made, the amount so determined is a debt that is owed to the Medicare program. For financial reporting purposes, this overpayment or debt must be recognized as an accounts receivable and reported as an asset in HCFA's financial statements.

HCFA has adopted the financial reporting definition for the recognition of an accounts receivable set forth by the Federal Accounting Standards Advisory Board (FASAB). The FASAB recommends generally accepted accounting standards and principles for the Federal Government. The FASAB sets these standards and principles so that Federal agencies' financial reports include understandable, relevant, and reliable information about the financial position, activities, and results of operations of the United States government and its component units.

According to the FASAB's Statement on Federal Financial Accounting Standard Number 1 (SFFAS No.1), *Accounting for Selected Assets and Liabilities*,

"Accounts receivables are amounts that an entity claims for payment from others. They arise from claims to cash or other assets." Additionally, the FASAB recommends, "A receivable should be recognized when a Federal entity establishes a claim to cash or other assets against other entities, either based on legal provisions, such as a payment due date (e.g., taxes not received by the date they are due), or goods or services provided. If the exact amount is unknown, a reasonable estimate should be made."

For financial reporting purposes, recognition means the process of formally recording an item into the financial statements of an entity as an asset, liability, revenue, expense, or the like. In the case of Medicare contractors, recognition would equate to recording the accounts receivable on the HCFA Form HCFA-750B and Form HCFA-751B Contractor Financial Reports.

Recognition Policy

Effective with this Manual Instruction, HCFA and its Medicare contractors will recognize and report an accounts receivable as of the date a demand letter is sent to the debtor. Specifically, contractors will recognize and record an accounts receivable (Non-Medicare Secondary Payer (MSP) and MSP overpayments) as of the date of the demand letter on Line 2a, New Receivables of Form HCFA-751B, Status of Accounts Receivable Report. The act of sending out the demand letter is the event that triggers the recognition of an accounts receivable. The purpose of the demand letter is to notify the debtor of the existence of the overpayment, and to request payment. The MIM §2222 and the MCM §7130 outlines the language and information that, at a minimum, a demand letter must contain. A demand letter must contain the name and address of the debtor, the amount of the overpayment, terms of how interest will be assessed, date when repayment is due, and the debtor's rights to appeal. All these items are consistent with the definition recommended by the FASAB outlined above.

It is important for Medicare contractors to ensure that they retain copies of a demand letter(s) sent. The demand letter provides documentation or evidence of the actual debt and recovery efforts taken. It must be kept in each case file with other associated case documents or correspondence if the case is referred to the Department of Justice; referred for debt cross-servicing; requested by HCFA, Office of Inspector General (OIG) or General Accounting Office (GAO) during audits/reviews. This information is necessary and needed to support the debt.

Exhibit 14 (Cont.)

HCFA Policy for Recognizing Accounts Receivable

Unless otherwise specifically noted, this policy is applicable to both non-MSP and MSP overpayments. The consent settlement agreement is a specific circumstance where additional guidance is warranted in applying this policy.

This circumstance is not all inclusive. If there is a specific situation that is not described above, Medicare contractors should consult HCFA for further guidance.

Consent Settlement Agreements Resulting from Comprehensive Medical Reviews (CMRs)

Accounts receivable are recognized as of the date of the demand letter. Typically, postpayment reviews of claims are conducted for a specified provider/physician/supplier or group in order to evaluate their billing patterns over a selected period of time. CMRs are performed to determine whether a suspected provider/physician/supplier or groups are providing noncovered or medically unnecessary services. A CMR is a thorough analysis of a sample of processed claims and all pertinent data (such as medical record, beneficiary payment history, etc.) for selected providers/physicians/suppliers for a specified time period. CMRs are usually targeted to providers/physicians/suppliers who have demonstrated aberrant billing and/or practice patterns.

If a CMR determines that an incorrect amount of money has been paid to the provider/physician/supplier, the Medicare contractor must assess an overpayment based on instructions outlined in the Medicare contractor manuals. Per MCM §7511, there are three different types of overpayments that result from a CMR: Actual Overpayment, Projected Overpayment, and Limited Projected Overpayment. The type of sample used during a CMR determines how Medicare contractors are to assess and demand money back from the provider or physician/supplier who was overpaid.

An actual overpayment is, for the actual claims reviewed, the sum of the payments (based on the amount paid to the provider/physician/supplier and Medicare approved amounts) made to a provider/physician/supplier for services which were determined to be not medically necessary or incorrectly billed. If an actual overpayment is assessed, Medicare contractors must send a demand letter for the amount of the actual overpayment and recognize an accounts receivable on Line 2a, New Receivables, of Form HCFA-751B.

A projected overpayment is defined as the numeric overpayment obtained by projecting an overpayment from a statistically valid random sample (SVRS) to all similar claims in the universe under review. Medicare contractors must notify the provider or physician/supplier of the overpayment, and refer the case to the Medicare contractor's overpayment staff to demand and collect the overpayment. Medicare contractors must send a demand letter for the amount of the projected overpayment and recognize an accounts receivable on Line 2a, New Receivables, of Form HCFA-751B.

Exhibit 14 (Cont.)

HCFA Policy for Recognizing Accounts Receivable

A limited projected overpayment is the numeric overpayment obtained by projecting an overpayment from a limited sample or limited SVRS subsample to all similar claims in the universe under review (see MCM §7511.3 (C)). If this type of overpayment is assessed, Medicare contractors have three overpayment assessment options. The Medicare contractor can assess an actual overpayment; a projected overpayment based on a SVRS by performing an expanded CMR; or can offer the provider or physician/supplier a consent settlement based on the potential projected overpayment amount. Again, if an actual or project overpayment is assessed, Medicare contractors must send a demand letter, and recognize an accounts receivable on Line 2a, New Receivables, of Form HCFA-751B.

If a consent settlement is offered to the debtor, the consent settlement document must carefully explain what rights a debtor waives by accepting the consent settlement. It must contain a binding statement that a debtor agrees to waive any rights to appeal the decision regarding the potential overpayment determination. If this option is used, the Medicare contractors must not recognize an accounts receivable until a consent settlement is signed and agreed to by the debtor and HCFA.