CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-06 Medicare Financial Management	Centers for Medicare & Medicaid Services (CMS)
Transmittal 143	Date: OCTOBER 24, 2008
	Change Request 6083

SUBJECT: Instructions for Monthly Processing of Non-Medicare Secondary Payer (Non-MSP) Debts Returned to Agency (RTA) from the Department of Treasury

I. SUMMARY OF CHANGES: These instructions outline the Medicare contractor responsibilities for debts Returned to Agency (RTA). The DCS User Guide has been revised to add new status codes and a new function key. Instructions were developed for processing and reporting debts RTA.

NEW / REVISED MATERIAL
EFFECTIVE DATE:* January 1, 2009
IMPLEMENTATION DATE: January 5, 2009

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
R	4/Table of Contents
R	4/70.13/Update to DCS after Transmission
N	4/70.15.4/Financial Reporting for Debts Returned to Agency (RTA)
N	4/70.15.4.1/Debts RTA for Bankruptcy
N	4/70.15.4.2/Debts RTA Pending Final Disposition
N	4/70.15.4.3/Debts RTA Because Dispute Timer Expired
N	4/70.15.4.4/Debts RTA Paid in Full or Satisfied Payment Agreement or Satisfied Compromise
N	4/70.17/Debts Returned to Agency (RTA) by Treasury
R	4/70/Exhibit 4/DCS User Guide

III. FUNDING:

SECTION A: For Fiscal Intermediaries and Carriers:
No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

SECTION B: For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Business Requirements
Manual Instruction

Unless otherwise specified, the effective date is the date of service.

Attachment - Business Requirements

Pub. 100-06	Transmittal: 143	Date: October 24, 2008	Change Request: 6083

SUBJECT: Instructions for Monthly Processing of Non-Medicare Secondary Payer (Non-MSP) Debts Returned to Agency (RTA) from the Department of Treasury

EFFECTIVE DATE: January 1, 2009

IMPLEMENTATION DATE: January 5, 2009

I.   GENERAL INFORMATION

A.   Background:

The Department of Treasury (Treasury) utilizes various tools to collect debts referred for cross-servicing. During the cross-servicing process, Treasury either collects the debt or makes a final determination as to the status of the debt and returns the debt to the creditor agency. Treasury uses the following reasons for debts returned to agency (RTA):

Treasury Reason for RTA	Corresponding Debt Collection System (DCS) Status Code
Uncollectible	RU
Out of Business	RN
In Bankruptcy	RB
Paid in Full	RP
Satisfied through Payment Agreement	RP
Satisfied through Compromise	RC
Dispute Timer Expired	RX
Miscellaneous Dispute	RD
Complaint	RD
Manual Return to Agency	RD

These instructions outline the Medicare contractor responsibilities for debts RTA. The status codes in the DCS were updated to reflect the reasons the debts were RTA.

 The CMS anticipates sending RTA reports monthly as they are received from Treasury.

B.   Policy: Debt Collection Improvement Act of 1996

Use"Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
6083.1	Medicare contractors shall receive a monthly RTA report and address all debts on the report.	X	X	X	X	X					HIGLAS

Number	Requirement	A/B MAC	DME MAC	FI	CARRIER	RHHI	FISS	MCS	VMS	CWF	OTHER
							Shared-System Maintainers				
6083.2	For debts on the report in RB status, and for those debts listed on the report that are already in a bankruptcy status in the Debt Collection System (DCS), Medicare contractors shall follow established bankruptcy procedures, including obtaining bankruptcy documents and updating their internal systems and properly reporting the status in quarterly financial reports to CMS. Medicare contractors shall obtain bankruptcy documentation prior to updating their internal systems to a bankruptcy status.	X	X	X	X	X					HIGLAS
6083.3	For debts in RB (RTA – Bankruptcy) status, Medicare contractors shall attempt to obtain bankruptcy documentation through established procedures, including contacting their regional office for assistance. If established procedures for procuring bankruptcy documentation are followed and documents cannot be obtained, Medicare contractors may contact Treasury for documentation. Treasury has provided the following contact names for these requests: Huey Kennedy – Huey.Kennedy@fms.treas.gov, or Jim Robinette – James.Robinette@fms.treas.gov. If one or two documents are requested, Medicare contractors may send the request by email. If three or more provider documents are required, a listing shall be sent to Treasury, to the attention of one of the above contacts, via fax number 205-912-6353.	X	X	X	X	X					HIGLAS
6083.4	Medicare contractors shall not change the status code of a debt in an RTA status code back to the status of "UJ" (Sent to Program Support Center (PSC) for Cross-Servicing). If you determine the debt is still eligible for referral, or later becomes eligible for referral, a new debt shall be entered to DCS. If this situation occurs, change the status code of the original RTA debt to "2R" (RTA Debt Re-entered to DCS.) Follow instructions in Business Requirements 21-22 of this document.	X	X	X	X	X					HIGLAS
6083.5	For debts listed on the report in RU (RTA – Uncollectible) or RN (RTA - Out of Business) status, and for those debts listed on the report that are already in a recalled status (a status code in DCS beginning with the number 2) and returned by Treasury as Uncollectible or Out of Business, Medicare contractors shall research	X	X	X	X	X					HIGLAS

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B MAC	DME MAC	FI	CARRIER	RHHI	Shared-System Maintainers				OTHER
							FISS	MCS	VMS	CWF	
	debts to determine current status or final disposition. Medicare contractors shall determine if litigation is a viable option and if so, follow established procedures for referring the debt for litigation. (See Pub. 100-6, Chapter 3, section 120.)										
6083.6	For debts listed on the report in RU (RTA – Uncollectible) or RN (RTA - Out of Business) status, and for those debts listed on the report that are already in a recalled status (a status code in DCS beginning with the number 2) and returned by Treasury as Uncollectible or Out of Business, if litigation is not a viable option, (the debts do not involve allegations of antitrust violations or fraud), Medicare contractors shall consider recommending the debt for write-off closed. For this recommendation, the contractor shall sort the report for the following categories for write off: Any debt over 10 years old (no collection in the past year) will be recommended for write off closed, regardless of dollar amount. Use the following reasons for recommending write off: "US cannot enforce collection of any significant sum" and "debt returned by Treasury as uncollectible." Any debt over 6 years old, but less than 10 years old, with no collections in the past two years, will be recommended for write off closed. Use the following reasons for recommendation: "US cannot enforce collection of any significant sum" and "debt returned by Treasury as uncollectible." Any debt less than 6 years old, with a principal balance less than $100,000 should be recommended for write off closed if there have been no collections in the past two years, and the Medicare contractor believes the possibility of any future collection is unlikely. Use the following reasons for recommendation: "the cost of further collection action is likely to exceed any recovery" and "debt returned by Treasury as uncollectible." Debts recommended for write-off closed shall be submitted to the Regional Office using established procedures for recommending debts for write-off.	X	X	X	X	X					HIGLAS

Number	Requirement	A/B MAC	DME MAC	FI	CARRIER	RHHI	FISS	MCS	VMS	CWF	OTHER
							Shared-System Maintainers				
6083.7	Medicare contractors shall update the DCS to status code 2W (Write-Off) when debts are approved for write-off closed.	X	X	X	X	X					HIGLAS
6083.8	Debts in RU and RN status codes that currently do not meet the criteria for litigation or write-off closed shall remain outstanding until meeting the criteria for write-off closed. Medicare contractors shall report debts in RU and RN status codes, as well as debts approved for write-off closed, according to instructions in these business requirements.	X	X	X	X	X					HIGLAS
6083.9	For debts listed on the report in status code RX (RTA – Dispute Timer Expired), Medicare contractors shall determine if the debt is still valid and eligible for referral. If it is, Medicare contractors shall update the debt in DCS from status code RX to 2R and re-enter the debt to DCS as a new debt. Follow instructions in Business Requirements 21-22 of this document.	X	X	X	X	X					HIGLAS
6083.10	If Medicare contractors determine the debts in status code RX are not valid and eligible for referral, the DCS shall be updated from RX to the appropriate recalled status code. (See DCS User Guide, Exhibit 4 of IOM Pub. 100-6, Chapter 4, Section 70 for a list of status codes).	X	X	X	X	X					HIGLAS
6083.11	If a debt listed on the report is already in a recalled status (a status code in DCS beginning with the number 2) and returned by Treasury as Dispute Timer Expired, no further updates to DCS are necessary. Medicare contractors shall not update the status code of a debt in DCS if the debt is already in a recalled code beginning with the number 2.	X	X	X	X	X					HIGLAS
6083.12	Medicare contractors shall report debts in status code RX according to instructions in these business requirements.	X	X	X	X	X					HIGLAS
6083.13	For debts listed on the report in status codes RP (RTA-Paid in Full) or (RTA – Satisfied Payment Agreement) and RC (RTA – Compromise) AND the principal balance of the debt in DCS and in your internal system is $100 or less, Medicare contractors shall consider the	X	X	X	X	X					HIGLAS

Number	Requirement	A/B MAC	DME MAC	FI	CARRIER	RHHI	FISS	MCS	VMS	CWF	OTHER
							Shared-System Maintainers				
	debt as paid in full. Medicare contractors, in these instances, shall change the DCS status code from RP to 2Q (Cross-Servicing Collection, Paid in Full) or 2C (Compromise), as appropriate, adjust the balance of the debt to zero in DCS and in your internal systems, and follow financial reporting instructions in these business requirements.										
6083.14	Debts listed on the report in status codes RP or RC where the principal balance of the debt in DCS and in your internal system are NOT $100 or less, shall remain outstanding pending future instructions. These debts shall remain in DCS status codes RP or RC until further instructions are received or the status of the debt changes. Debts in status codes RP and RC that remain outstanding shall be reported following the instructions in these business requirements.	X	X	X	X	X					HIGLAS
6083.15	For debts in RD (RTA – Miscellaneous Dispute, Manual RTA, Complaint, or Recall Approved) status, Medicare contractors shall follow instructions for debts in RX status, and either re-enter the debt as a new debt in DCS and update the status code of the original debt to 2R or enter the appropriate recalled status code to the original debt in DCS. Follow instructions in Business Requirements 21-22 of this document.	X	X	X	X	X					HIGLAS
6083.16	Debts RTA for Bankruptcy shall be reported in Bankruptcy status as soon as Medicare contractor has bankruptcy documentation to support the bankruptcy status. For CMS Form C751 (C751) Reporting, use Section D, line (B) (1) In Bankruptcy; for CMS Form H751 (H751) Reporting, use Section B, line (4) (B) (1) In Bankruptcy. For Treasury Report of Receivables and Debt Collection Activities (TROR) Reporting, use Section B, line (1) (D.	X	X	X	X	X					HIGLAS
6083.17	Debts RTA for the following reasons: uncollectible, out of business, miscellaneous dispute, dispute timer expired, recall approved, complaint, and manual RTA, shall be reported as follows: For C751 Reporting , use Section D, line (B) (9) Pending Request Waiver/Compromise – for those debts waiting write off approval. Use Section D, line (B) (11) Other Exclusions – for those debts not yet eligible for write off due to age	X	X	X	X	X					HIGLAS

Number	Requirement	A / B M A C	D M E M A C	F I	C A R R I E R	R H H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
	or past collections. For those debts approved for Write off Closed, use Section A, Line 4.D. Written-Off Closed. For H751Reporting, use Section B, Line 4 (B) (9) Pending Request Waiver/Compromise – for those debts waiting write off approval. Use Section B, line (4) (B) (11) Other Exclusions – for those debts not yet eligible for write off due to age or past collections. For those debts approved for Write off Closed, use Section A, Line 6.A. Amounts Written-Off (Bad Debts). For TROR Reporting, use Section B, Line (3) (G) Debt Returned from Cross-Servicing for those debts waiting write off approval and for those debts not yet eligible for write off due to age or past collections. The HIGLAS Accounts Receivable status code DR-RTN-CS (Debts returned from Cross Servicing) is mapped to line 3(g). The receivable balance detail extract can be used to validate the detail of debts reported to this line. For those debts approved for Write off Closed that are not in CNC Status use Section A, Line (6) (B) Written Off and Closed Out. For debts approved for write off closed already in CNC status, use Section D, Line (2) CNC Debts Closed Out During the Current FY.										
6083.18	Debts to be re-referred to Treasury shall be reported as Referred to Treasury. For C751 Reporting, use Section D, line (A) Referred for Cross Servicing or Section D, lines (B) (1) - (11) as appropriate. For H751 reporting, use Section B, line 4 (A) Referred for Cross Servicing or Section B, lines (4) (B) (1) - (11) as appropriate. For TROR Reporting, for those debts re-referred, use Section B, Line (3) (J) Debt Referred to Treasury or a Designated Debt Collection Center for Cross-Servicing. Debts ineligible for referral shall be reported in the appropriate line as an exclusion to debt referral.	X	X	X	X	X					HIGLAS
6083.19	For debts in RP or RC status codes with a principal	X	X	X	X	X					HIGLA S

Number	Requirement	A/B MAC	DME MAC	FI	CARRIER	RHHI	FISS	MCS	VMS	CWF	OTHER
							Shared-System Maintainers				
	balance greater than $100 shall be reported as follows until further instructions are issued: For C751 Reporting, use Section D, line (B) (11) Other Exclusions. For H751Reporting, use Section B, line (4) (B) (11) Other Exclusions. For TROR Reporting, use Section B, Line (3) (G) Debt Returned from Cross-Servicing.										S
6083.20	For debts in RP or RC status codes with a principal balance less than $100, where Medicare contractors adjust the principal balance to zero, the adjustment shall be reported on Line 4E, Other of Form CMS C751. Contractors shall document within the Remarks section of the Form CMS C751 the total amount adjusted. For H751 reporting, amounts adjusted to bring the principal balance to zero shall be reported on Line 5a, Adjusted Amounts, Internal Adjustments. Contractors shall document within the Remarks section of the Form CMS H751 the total amount adjusted. For TROR reporting, Medicare contractors shall use the "Adjust CNC Amount +/-," accounts receivable activity code to adjust the principal and interest balances to zero, since it is presumed the debts are already reported in a CNC status. This will reduce the amounts reported in the Treasury Report on Receivables Due from the Public (TROR) Part II, Section B, Debt Eligible for Referral to Treasury for Offset and Cross-Servicing, and Section D, Debt Disposition. The adjusted amounts shall be annotated in Part III, Footnotes.	X	X	X	X	X					HIGLAS
6083.21	Medicare contractors shall use the F10 function key in DCS for debts that are to be resubmitted to Treasury. To begin this process, the status code of the original debt to be resubmitted to Treasury shall be updated to 2R. After the status code has been updated to 2R, the F10 function key is depressed and a new Data Entry Screen will appear, with most fields from the original debt pre-filled on the new screen.	X	X	X	X	X					HIGLAS
6083.22	Medicare contractors shall enter data into the fields highlighted in red as well as other fields that are blank. Enter "UU" in the Status Code field and hit the Enter	X	X	X	X	X					HIGLAS

Number	Requirement	A/B MAC	DME MAC	FI	CARRIER	RHHI	FISS	MCS	VMS	CWF	OTHER
							Shared-System Maintainers				
	key. The data in the "RO/Contr Name" field from the original debt is transferred to this field on the new debt. The transfer of this data allows contractors on HIGLAS to continue sending updates to the debt. This field on the original debt will be automatically filled with an internal "timestamp."										
6083.23	Medicare contractors shall address all debts on the RTA report and return the report to CMS Central Office within 30 days of receipt.	X	X	X	X	X					HIGLAS

III. PROVIDER EDUCATION TABLE

Number	Requirement	A/B MAC	DME MAC	FI	CARRIER	RHHI	FISS	MCS	VMS	CWF	OTHER
							Shared-System Maintainers				
	None.										

IV. SUPPORTING INFORMATION
Section A: For any recommendations and supporting information associated with listed requirements, use the box below:
Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
6083.1-23 6083.3 6083.5	Medicare contractors shall follow financial reporting instructions outlined in Pub. 100-6, Chapter 5, Section 270. Medicare contractors shall follow bankruptcy procedures in Pub. 100-6, Chapter 3, Section 140. Medicare contractors shall follow instructions related to referral to Department of Justice in Pub. 100-6, Chapter 3, Section 120.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: For all other recommendations and supporting information, use this space:

V. CONTACTS

Pre-Implementation Contact(s): Debbie Parzynski, Deborah.parzynski@cms.hhs.gov

Post-Implementation Contact(s): Debbie Parzynski, Deborah.parzynski@cms.hhs.gov

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs), Carriers, and Regional Home Health Carriers (RHHIs)* use only one of the following statements:

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

Section B: *For Medicare Administrative Contractors (MACs)*, use the following statement:

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

Attachment

To assist Medicare contractors in understanding the process for Returned to Agency (RTA), the following Questions and Answers were developed:

1. The debt is listed on the spreadsheet as "Recall Approved" but the status code is 2A. What do I need to do?

    If the debt is still in the appeal status, there is nothing to do, as long as the debt is reported properly in your internal system. If the debt later becomes eligible for referral, a new entry to Debt Collection System (DCS) will be required. Once a debt has been recalled or returned from Treasury, it cannot be re-transmitted by updating the status code on the original debt.

2. I cannot obtain bankruptcy documentation on the debt that Treasury returned due to bankruptcy. What shall I do?

    Treasury provided contact information for those instances when the creditor agency cannot obtain bankruptcy documentation.

3. If the report shows the debt as Paid in Full, but the principal balance in my internal system is over $100, what should I do?

    First, check the DCS to see if the collections posted there are also posted in your internal system and resolve any discrepancies. If the balances in DCS and in your internal system agree, and the balance (principal) is over $100, continue to report the debt as outstanding. Further instructions will be issued regarding these debts.

4. A debt is listed as RX on the report; however, we already answered the dispute on this debt; it is still a valid debt and we had updated the DCS to UX. What should we do?

    Even though you responded to the dispute and updated the DCS, Treasury did not receive your response timely. If the debt is still valid, a new entry to DCS is required. Change the status in DCS from RX to 2R and then enter as a new debt using the instructions in Exhibit 4, the DCS User Guide, Section 2.1.

5. We are on HIGLAS and our new debts are automatically uploaded to DCS. If a debt is in RX status and is still valid and we have already responded to the dispute saying the debt is still valid, our system will continue to update the old debt. How do we handle this?

    The original debt was returned by Treasury. No updates can be made to that debt. If the debt is still valid, a new debt must be entered to DCS. Follow the instructions in the DCS User Guide, Section 2.1 to resubmit the debt to Treasury. Any future HIGLAS updates to the debt will update to the new debt in DCS.

6. The debt listed as Uncollectible is over 6 years old and has not had any collections for three years. How do we report this on the Form 751?

    Until the debt is approved for write-off closed, you should report it on CMS Form C751, Section D, Line (B)(9) Pending Request Waiver/Compromise. Once approved for Write Off closed, you will report it in Section A, Line 4(D) Written Off Closed. For HIGLAS contractors, while the debt is still pending write off, you will report it on the TROR Line (3)(G) Debt Returned from Cross-Servicing. The HIGLAS Accounts Receivable status code DR-RTN-CS (Debts Returned from Cross-Servicing)is

mapped to Line 3(g). Once it is approved for write off closed, you will report it on Line 6(B) Written Off and Closed Out.

7.   We had responded to a Treasury dispute saying the debt is no longer valid and we updated the debt in DCS to status code 2E. The debt is on the report with the Treasury RTA reason Dispute Timer Expired and DCS status code 2A. What should we do?

In this case, there is nothing for you to do other than ensure that you report the debt in the proper appeal category on the Form CMS 751 or TROR.

8.   We would like to recommend some debts on the report for write off closed based on the information in the CR, but we think our Regional Office will disapprove them. What should we do?

The regional offices will also receive this CR and will be expecting debts to be recommended for write off closed based on the Treasury RTA.

9.   What does Manual RTA mean? We have a debt on our report in status code RD and the Treasury reason is Manual RTA. What is this?

For some reason, Treasury manually recalled this debt from cross-servicing. The CMS did not receive any additional information on the debt. For this reason we are asking that you research your files to determine if the debt is still eligible for referral. If it is, a new entry to DCS is required. If you enter a new debt to DCS, update the original debt from RD to 2R. Follow the instructions in the DCS User Guide, Section 2.1 to resubmit the debt.

Here is Treasury's explanation of some of the RTA return reasons:
"Miscellaneous Dispute, - This indicates the debt was returned because the debt was disputed by the debtor and the dispute was validated by the creditor agency. An example would be the debtor claims to have previously paid or otherwise resolved the debt with the agency and the agency concurs.
Manual RTA, - This is used to return debts that are not returned systematically. Examples are system glitches or reasons not otherwise defined by the system, i.e., "debtor incarcerated longer than 9 months".
Recall Approved, - This indicates a debt was recalled by the agency and approved by the system or the recall analyst.
Complaint, - This indicates a debt was returned because of a legitimate, validated complaint.
Uncollectible, - This indicates a debt was returned after all collection efforts have been exhausted with no success in collecting the debt. An example would be a debt has been returned from both PCA's uncollected and was either was removed from TOP because of the Agency Profile (reached Statute of Limitations date, no offset within prescribed time, etc.) or was not eligible for TOP (agency profile doesn't allow referral to TOP or no TIN provided).
Out of Business, - This indicates a debt was returned because the business is no longer in operation and has no assets available."

10.   How does Treasury determine that the debt is Uncollectible?

Treasury or the Private Collection Agencies (PCAs) use various methods to contact the debtor and collect the debt. They receive no fee unless they receive a collection. If the debt is returned as uncollectible it is because all efforts to collect the debt have failed. If the debts meets the criteria outlined in the instructions, the debt should be recommended for write off closed.

11.   Will Treasury continue to return all debts that we refer?

Treasury attempts to collect all debts that are referred for cross servicing. If a debt has a Taxpayer Identification Number (TIN), Treasury enters the debt into the Treasury Offset Program. Treasury sends a letter to the debtor, does skip-tracing if the address is not current, and forwards the debt to a PCA for collection. If the PCA is unsuccessful at collecting the debt, but does not resolve the debt (receive information that the debtor is in bankruptcy, out of business, deceased, etc.), Treasury forwards the debt to a second PCA for collection. If this PCA also is unsuccessful in collecting the debt, Treasury will determine if the debt should be referred to the Department of Justice (DOJ) for litigation. If Treasury thinks the debt is collectible through litigation, they will refer the case to DOJ. If they determine that litigation is not a viable option, they will return the debt as Uncollectible.

12.   If Treasury considers litigation before returning a debt, why are contractors instructed to determine if litigation is an option? And, under what circumstances is litigation to be considered?

The Medicare contractor may have additional information regarding a debtor that would impact the decision to send the debt to DOJ. In most cases, litigation will not be an option and the debt should be recommended for write off closed. However, if you have reason to suspect fraud on the part of the provider regarding the overpayment, you should contact your Regional Office for advice regarding the referral for litigation.

On the advice of the Office of General Counsel for the Department of Health & Human Services, an additional consideration before recommending the debt for write off and not referring for litigation is that the debt/debtor does not involve allegations of antitrust violations or fraud.

13.   We have several debts for a provider in DCS. Only some of them were RTA and others are still showing at Treasury. Should we recall all of the other debts?

No. Treasury sends debts to different PCAs and debts for one provider may be at different PCAs or at different stages of the collection process.

14.   Section 2.1 of the DCS User Guide explains the process for resubmitting a debt to Treasury using a function key. What is the purpose of this when we could just change the status code of the returned debt back to UU?

Once a debt has been returned by Treasury, the debt is considered closed by Treasury and cannot be reopened. We have to submit a new debt. By developing the F10 function, most information from the original debt is duplicated to a new Data Entry Screen. This will eliminate unnecessary data entry as well as typing errors on your part. In addition, if you are on HIGLAS, the HIGLAS number located in the RO/Contr Name field in DCS is transferred from the original debt to the new debt. This allows future updates from HIGLAS on this debt to automatically post to the newly created entry in DCS. A few fields must be manually entered to ensure that the proper debt type code is selected and the correct principal and interest amounts are referred.

15.   We received two separate instructions for review. One instruction allows contractors 90 days to work the debts and the other instruction allows only 30 days. Why the different time periods?

CR 6082 addresses the cumulative "backlog" of debts RTA by Treasury and will take longer to complete. This report shall be returned in 90 days. CR 6083 addresses the ongoing monthly RTA debts that Treasury will send. Monthly reports shall be returned by the contractors in 30 days.

Medicare Financial Management
Chapter 4 - Debt Collection

Table of Contents
(Rev. 143, 120-24-08)

70.13 - Update to DCS after Transmission
(Rev. 143; Issued: 10-24-08; Effective Date: 01-01-09; Implementation Date: 01-05-09)

Once a debt has been referred for cross servicing and/or TOP:

If the Medicare contractors discover an error, collect (by check or recoupment), or receive information establishing that the debt is ineligible for cross servicing (i.e., bankruptcy, appeal), the Medicare contractors are responsible for updating the DCS, within ten days of the notification of the change to the debt. The CMS CO shall notify Treasury and recall the debt due to a change of status code or a full collection or shall report partial collection information. The updates in the DCS made by Medicare contractors shall be automatically transmitted to Treasury.

If Treasury or the PCA discovers an error, collects on the debt, or receives information, that would render the debt ineligible for cross servicing, Treasury shall notify CO who, in turn, shall notify the Medicare contractors via the Treasury Cross-Servicing Dispute Resolution Form or the Collection/Refund Spreadsheet. Medicare contractors are responsible for updating their internal records, and the DCS, as appropriate. The Treasury Cross-Servicing Dispute Resolution Form or Collection/Refund Spreadsheet shall be returned to CMS within established timeframes.

If Treasury or the PCA receives a dispute from the debtor or obtains additional information regarding the debt that requires CMS or Medicare contractor intervention, a Treasury Cross-Servicing Dispute Resolution Form shall be sent to CMS. The CMS shall maintain a report of all debt in dispute and forward the information to the Medicare contractors for review and decision. Central Office, upon receipt of the Treasury Cross-Servicing Dispute Resolution Form, shall update the DCS status code to "XX" for all Non-MSP disputed cases (or status code "XO" if the DCS is updated systematically), and CMS CO shall track these codes for timely disposition by the Medicare contractors. The Medicare contractors shall have 30 calendar days to respond to Treasury and update DCS, their internal systems if applicable, and shall copy CMS RO and CO on their response. If Medicare contractor determines the disputed debt shall be recalled from Treasury, the appropriate status code shall be entered to the DCS. If the Medicare contractor determines that the debt shall remain at Treasury for collection, the status code shall be changed from "XX" (or "XO") to "UX" to indicate the dispute was resolved and the debt is still valid. (See instructions in the DCS User Guide, Exhibit 4.)

If Treasury does not receive the response to the dispute timely, the debt may be returned to agency (RTA) with the reason "dispute timer expired." In this case, even if the contractor responded to the dispute and changed the debt status in DCS back to UJ or changed the status code to UX, the contractor will be required to enter the debt as a new debt in DCS. Once a debt is RTA, it cannot be updated in DCS. A new entry is required.

70.15.4 – Financial Reporting for Debts Returned to Agency (RTA)

(Rev. 143; Issued: 10-24-08; Effective Date: 01-01-09; Implementation Date: 01-05-09)

Debts RTA shall be reported in the appropriate line of the CMS Form 751 and the Treasury Report of Receivables and Debt Collection Activities (TROR) Reports. Details regarding debts RTA are outlined in Section 70.17 herein.

70.15.4.1 - Debts RTA for Bankruptcy
(Rev. 143; Issued: 10-24-08; Effective Date: 01-01-09; Implementation Date: 01-05-09)

Debts RTA for Bankruptcy shall be reported in Bankruptcy status as soon as Medicare contractor has bankruptcy documentation to support the bankruptcy status.

> **C751 Reporting**
>
> *Section D*
>
> *(B)(1) In Bankruptcy*
>
> **H751 Reporting**
> *Section B*
> *(4)(B)(1) In Bankruptcy*
>
> **TROR Reporting**
> *Section B*
> *(1)(D)*

70.15.4.2 - Debts RTA, Pending Final Disposition
(Rev. 143; Issued: 10-24-08; Effective Date: 01-01-09; Implementation Date: 01-05-09)

Debts RTA for the following reasons: uncollectible, out of business, miscellaneous dispute, dispute timer expired, recall approved, manual RTA, shall be reported as follows:
> **C751 Reporting**
> *Section D*
> *(B)(9) Pending Request Waiver/Compromise – for those debts waiting write off approval.*
> *Section D*
> *(B)(11) Other Exclusions – for those debts not yet eligible for write off due to age or past collections.*
> *Section A*
> *Line 4.D. Written-Off Closed – for those debts approved for Write off Closed.*
>
> **H751Reporting**

Section B
4(B)(9) Pending Request Waiver/Compromise – for those debts waiting write off approval.
Section B
(4)(B)(11) Other Exclusions – for those debts not yet eligible for write off due to age or past collections.
Section A
Line 6.A. Amounts Written-Off (Bad Debts) – for those debts approved for Write off Closed.

TROR Reporting
Section B
Line (3)(G) Debt Returned from Cross-Servicing – for those debts waiting write off approval AND for those debts not yet eligible for write off due to age or past collections.
The HIGLAS Accounts Receivable status code DR-RTN-CS (Debts Returned from Cross-Servicing) is mapped to line (3)(G). The receivable balance detail extract can be used to validate the detail of debts reported to this line.
Section A,
Line (6) (B) Written Off and Closed Out – for those debts approved for Write off Closed that are not in CNC Status. For debts approved for write off closed already in CNC status:
Section D
Line (2) CNC Debts Closed Out During the Current FY

70.15.4.3 - Debts RTA Because Dispute Timer Expired
(Rev. 143; Issued: 10-24-08; Effective Date: 01-01-09; Implementation Date: 01-05-09)

Debts to be re-referred to Treasury shall be reported as Referred to Treasury.
C751 Reporting
Section D
(A) Referred for Cross Servicing OR
Section D
(B)(1)-(11)As appropriate.

H751Reporting
Section B
4(A) Referred for Cross Servicing OR
Section B
(4)(B)(1)- (11) As appropriate.

TROR Reporting
Section B
Line (3) (J) Debt Referred to Treasury or a Designated Debt Collection Center for Cross-Servicing – for those debts resubmitted to Treasury. OR

Debts ineligible for referral shall be reported in the appropriate line as an exclusion to debt referral.

70.15.4.4 - Debts RTA Paid in Full or Satisfied Payment Agreement or Satisfied Compromise
(Rev. 143; Issued: 10-24-08; Effective Date: 01-01-09; Implementation Date: 01-05-09)

Debts in these status codes with other than a zero balance shall be reported as follows until further instructions are issued:
C751 Reporting
Section D
(B)(11) Other Exclusions

H751Reporting
Section B
(4)(B)(11) Other Exclusions.

TROR Reporting
Section B
Line (3)(G) Debt Returned from Cross-Servicing. The HIGLAS Accounts Receivable status code DR-RTN-CS (Debts Returned from Cross-Servicing) is mapped to line (3)(G). The receivable balance detail extract can be used to validate the detail of debts reported to this line.

70.17 – Debts Returned to Agency (RTA) by Treasury
(Rev. 143; Issued: 10-24-08; Effective Date: 01-01-09; Implementation Date: 01-05-09)

During the collection process, Treasury either collects the debt or makes a final determination as to the status of the debt. Treasury is returning debts to agencies using the following reasons:

In Bankruptcy
Uncollectible
Out of Business
Dispute Timer Expired
Miscellaneous Dispute
Manual Return to Agency
Recall Approved
Complaint
Paid in Full
Satisfied through Payment Agreement
Satisfied through Compromise.

The CMS will send monthly reports of these debts to you for final resolution. The reason Treasury returned the debt will be included on the reports.

We developed new status codes in the Debt Collection System (DCS) based on the reasons the debts were returned to agency (RTA). The new status codes are reflected on the reports. If Treasury returned a debt and the debt is already in a recalled status in DCS, the status code will not be updated; however, the debt will be included on the report showing the DCS recalled status along with the reason for Treasury RTA. The reports are in Excel format so that you may sort them as appropriate.

After you have addressed all debts on the report, forward the completed report to Central Office. Reports shall be returned to CMS 30 days after receipt.

Listed below are the new status codes in DCS for debts RTA:

RB – Returned by Treasury due to Bankruptcy.
Debts in bankruptcy are ineligible for cross servicing. If a debt was RTA by Treasury due to bankruptcy, and the debt is already in status code 2B (Bankruptcy) in DCS, the debt is included on the report, but the status code was not changed. If the debt was not in a bankruptcy status, we changed the status code in DCS to RB (RTA – Bankruptcy). This status code indicates that the debt was returned by Treasury due to bankruptcy. No further updates in DCS for this debt are necessary. The debt will remain in RB status in DCS. You are responsible for obtaining bankruptcy documentation to support the bankruptcy. Once you have obtained the documentation, you are responsible for updating your internal records to reflect the appropriate code for bankruptcy, following established procedures regarding bankruptcy; and properly reporting the status of these debts in quarterly financial reports to CMS. (See Pub. 100-6, Chapter 3, section 140 for Bankruptcy procedures.)

Treasury no longer routinely sends bankruptcy documents to creditor agencies. Medicare contractors shall follow established procedures, including contacting their regional office, to obtain bankruptcy documentation. If the documents relating to the bankruptcy are not available through established procedures, Medicare contractors may contact Treasury for the documentation. Treasury has provided the following contact names for these requests:
  Huey Kennedy – Huey.Kennedy@fms.treas.gov, or
  Jim Robinette – James.Robinette@fms.treas.gov.

If one or two documents are requested, Medicare contractors may send the request by email. If three or more provider documents are required, a listing shall be sent to Treasury, to the attention of one of the above contacts, via fax number 205-912-6353.

If the debt is not discharged in bankruptcy and again becomes eligible for referral, a new referral to DCS is required. Change the status code from RB to

2R (RTA Debt Re-entered to DCS) and enter the debt to DCS as a new debt. (Instructions to resubmit the debt in DCS are contained in Exhibit 4 of this Section, the DCS User Guide, section 2.1) Medicare contractors shall not change the status code of a debt in RB status code back to status code UJ (Sent to PSC for Cross-Servicing).

- ***RU – Returned by Treasury as Uncollectible** or*
- ***RN – Returned by Treasury as Out of Business***.
  If a debt is RTA for one of the above reasons, the DCS will be updated with these new codes unless the debt is already in a recalled status in DCS. The recalled status will be reflected on the report along with the Treasury reason for RTA.

The contractor shall use the report to research the debts to determine current status or final disposition. Those debts already in a recalled status are included so that you will know that Treasury considers them uncollectible or out of business.

For those debts showing a status code of RU (RTA – Uncollectible) or RN (RTA – Out of Business), you will first determine if pursuing collection by referring the case for litigation is a viable option and if so, follow established procedures for referring the debt for litigation. (See Pub. 100-6, Chapter 3, section 120 for referral to the Department of Justice.) If you determine that litigation is not a viable option, (the debts do not involve allegations of antitrust violations or fraud) you shall consider recommending the debt for write-off closed. For this recommendation, the contractor shall sort the report for the following categories for write off:

- *Any debt over 10 years old (no collection in the past year) will be recommended for write off closed, regardless of dollar amount. Use the following reasons for recommending write off: "US cannot enforce collection of any significant sum" and "debt returned by Treasury as uncollectible."*

- *Any debt over 6 years old, but less than 10 years old, with no collections in the past two years, will be recommended for write off closed. Use the following reasons for recommendation: "US cannot enforce collection of any significant sum" and "debt returned by Treasury as uncollectible."*

- *Debts less than 6 years old, with principal balances less than $100,000, should be recommended for write off closed if there have been no collections in the past two years and the Medicare contractor believes the possibility of any future collection is unlikely. These debts shall be recommended for write off closed using the reasons that the "cost of further collection action is likely to exceed any recovery," and "debt returned by Treasury as uncollectible."*

Debts on the report that do no meet the criteria above shall remain outstanding until meeting the criteria for write off closed. These debts shall be reported on the appropriate line of the CMS Forms 751 or Treasury Report on Receivables

(TROR) as being returned by Treasury but not yet written off. (Reporting instructions are outlined in 70.15.4 of this section.)

Debts recommended for write off shall be submitted to the Regional Office using established procedures for recommending debts for write off.

Debts pending approval for write off shall be reported on CMS Form 751 or the TROR until they are approved for write off and reported as written off. Debts approved for write off shall be updated in DCS to status code 2W.

- **RX – Returned by Treasury; dispute response not received timely.**
  Debts with this status code were returned by Treasury because Treasury did not receive the dispute response timely. The status code in DCS was changed to RX (RTA - Dispute Timer Expired) if the debt was still in a dispute status code or was updated to UJ or UX (Dispute Resolved, Debt Returned for Cross-Servicing). No further action is necessary if the debt is already in a recalled status.

  The debts in status code RX shall be researched, resolved, and the final disposition of the debt reflected in your financial reporting and in DCS.

  If the debt is still valid and eligible for referral to Treasury, it shall be resubmitted as a new debt in DCS, even if you responded to the previous dispute. You do not have to issue a second Intent to Refer letter (IRL). Change the status code of the original debt from RX to 2R. (Instructions to resubmit the debt in DCS are contained in Exhibit 4 of this Section, the DCS User Guide, section 2.1) If your research indicates that the debt should be in a recalled status, update the original debt in DCS from RX to the appropriate recalled code.

- **RD - Returned by Treasury as a Miscellaneous Dispute, a Manual RTA, Complaint, or as Recall Approved.**
  We updated the DCS to this status code if the debt was not already in a recalled status. The debts in status code RD must be researched and resolved and the final disposition of the debt reflected in DCS and in your financial reporting. If the debt is still valid and eligible for referral to Treasury, it must be resubmitted to Treasury. You do not have to issue a second Intent to Refer letter (IRL). Update the status code of the original debt from RD to 2R. (Instructions to resubmit the debt in DCS are contained in Exhibit 4 of this Section, the DCS User Guide, section 2.1)

- **RP – Returned by Treasury, Paid in Full or**
- **RP – Returned by Treasury, Satisfied Payment Agreement**
- **RC – Returned by Treasury, Satisfied Compromise**

  We updated the DCS to the above status codes unless the debt was already in a paid in full status code.

If the principal balance of the debt in DCS and in your system is $100 or less, the DCS status code shall be updated to 2Q (Cross-Servicing Collection – Paid in Full) or 2C(Compromise) as appropriate and the debt shall be closed in your internal system and any balance in your internal system shall be adjusted to zero. Medicare contractors shall consider these debts as paid in full and shall annotate their internal systems accordingly so that no additional collections or recoupments are made on these debts.

If the principal balance of the debt in DCS and in your internal system is greater than $100, these debts shall remain in status codes RP and RC in DCS. Future instructions will be issued regarding these debts.