
CMS Manual System

Pub. 100-07 State Operations Provider Certification

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

Transmittal 202

Date: June 19, 2020

SUBJECT: State Operations Manual (SOM) Chapter 3, Additional Program Activities

I. SUMMARY OF CHANGES: The SOM Chapter 3 sections that provide instructions on voluntary termination work is revised. The revisions are part of an effort to streamline the enrollment process for certified providers/suppliers. Certain certification functions performed by the CMS regional locations are transitioning to CMS' Center for Program Integrity (CPI) Provider Enrollment Oversight Group (PEOG) and the Medicare Administrative Contractors (MACs). The voluntary termination work is the first phase of the certification work to transition. The MAC will process and finalize voluntary termination actions and will coordinate with the State Survey Agency directly as needed. The approval recommendation made to the CMS regional locations by the MAC has been removed. The MAC will notify the provider or supplier of approval of voluntary termination and send copies of the letter to the State Survey Agency, CMS regional locations and Accrediting Organizations.

NEW/REVISED MATERIAL - EFFECTIVE DATE: June 19, 2020

IMPLEMENTATION DATE: July 27, 2020

Or

MANUALIZATION/CLARIFICATION – EFFECTIVE/IMPLEMENTATION DATES:

Disclaimer for manual changes only: The revision date and transmittal number apply to the red italicized material only. 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 not updated.)
(R = REVISED, N = NEW, D = DELETED) – (Only One Per Row.)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	3/Table of Contents
R	3/3046A/General
R	3/3046B/Decision by Provider or Supplier to Remain in the Medicare Program
R	3/3046C/Notice to Public
R	3/3046D/Effective Date of Voluntary Termination
R	3/3047/Notice to MAC-Voluntary Termination
R	3/3048A/Voluntary Termination
R	3/3048B/Close of Business

R	3/3049A/Voluntary Terminations and Close of Business
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III. FUNDING: No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

Or

Funding for implementation activities will be provided to contractors through the regular budget process.

IV. ATTACHMENTS:

	Business Requirements
X	Manual Instruction
	Confidential Requirements
	One-Time Notification
	One-Time Notification -Confidential
	Recurring Update Notification

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

State Operations Manual

Chapter 3 - Additional Program Activities

Table of Contents
(Rev. 202, 06-19-20)

[Transmittals for Chapter 3](#)

3047 - Notice to *MAC* - Voluntary Termination

3046A - General

(Rev. 202, Issued: 06-19-20, Effective: 06-19-20, Implementation: 07-27-20)

Under the provisions of §1866(b)(1) of the Act, a provider of services may terminate its agreement by filing a written notice of its intention. If a Medicare provider/supplier notifies the SA of its desire to terminate its Medicare participation or if it ceases operations which is considered as voluntarily terminating its agreement, the SA notifies the *MAC via the Form CMS-1539*. The *MAC* accepts the proposed termination date, *which must be the first day of the month*, or sets a different date *after communication with the provider per 42 CFR 489.52(b)(1)*. However, the termination date must not be more than 6 months from the date the notice is filed.

The following are possible reasons for voluntary termination:

1 - Provider or Supplier Is Unable or Unwilling to Correct Deficiencies to Continue to Meet CoPs, Conditions for Coverage, or Participation Requirements for SNFs

In many cases, the facilities have cited as a reason for seeking termination an inability to continue to meet the Conditions of Participation or Coverage or Requirements for participation for SNFs.

2 - Provider Dissatisfied With Reimbursement

If a provider is *voluntarily terminating* because of disagreement with the reimbursement formula, the *SA* indicates this on Form CMS-1539.

3 - CHOW

If, after a CHOW, the successor does not wish to participate, the date of termination is usually the date the previous owner ceased doing business. However, coverage of beneficiary services extends until it is learned that the successor will not continue operations under a provider agreement. Payment can continue for up to 30 calendar days after a provider is terminated for hospitals, SNFs, HHAs and hospice beneficiaries who were admitted before the effective date of termination (42 CFR 489.55). (See §3008.)

4 - Close of Business

The provider permanently ceased all business (Medicare and non-Medicare operations).

3046B - Decision by Provider or Supplier to Remain in the Medicare Program

(Rev. 202, Issued: 06-19-20, Effective: 06-19-20, Implementation: 07-27-20)

If a provider or supplier changes its mind after requesting termination, the *SA or MAC* secures a written statement to document the provider/supplier file to prevent any future misunderstanding. If the voluntary termination has not already taken place, the *MAC*

sends a letter to the provider rescinding its voluntary termination. Copies are sent to the SA, SMA, *and RO*. If the provider's *or supplier's* request is received after the effective date of the voluntary termination, the *MAC* treats the request as an initial request to participate in the Medicare program.

3046C - Notice to Public

(Rev. 202, Issued: 06-19-20, Effective: 06-19-20, Implementation: 07-27-20)

In voluntary termination cases, the provider or supplier is obligated to notify the public of the effective termination date. An exception to the requirement for public notice is made when the *MAC or SA* receives retroactive notice of the close of a business. If the *MAC* learns that the provider does not intend to comply with the requirement for a public notice, where required, the *MAC* should assume the responsibility. The required public notice should be published on the *CMS website* as soon as possible after the provider receives the *MAC's termination* letter, and, if time permits, not less than 15 calendar days before the effective termination date. When a supplier of services is voluntarily terminating program participation, public notice by either the supplier or the *MAC* or *RO's* office is optional. However, such a notice is to be published for RHCs, ASCs, and FQHCs.

3046D - Effective Date of Voluntary Termination

(Rev. 202, Issued: 06-19-20, Effective: 06-19-20, Implementation: 07-27-20)

The effective date of termination is the date business ceased (if there is closure) and should allow sufficient lead-time to notify CMS components and to give the public notice of the termination. If the provider's request does not specify an acceptable termination date, *CMS* sets the date (42 CFR 489.52(b)). This date cannot be more than 6 months after the provider's request is dated. If a retroactive termination date is requested, *CMS* honors it, provided there were no Medicare beneficiaries receiving services from the facility on or after the requested termination date.

In setting an effective termination date that is less than 6 months in the future, the *RO* must be assured that it would not unduly disrupt the services to the community or otherwise interfere with the effective and efficient administration of the health insurance program. In making this determination, *CMS* considers the availability of other facilities in the area. In the case of a closure, the effective date is the actual date of closing.

3047 - Notice to *MAC* - Voluntary Termination

(Rev. 202, Issued: 06-19-20, Effective: 06-19-20, Implementation: 07-27-20)

The *SA* notifies the *MAC* when it receives notice that a provider *or supplier* wants to terminate its participation. *The SA completes a CMS Form-1539 and sends the form along with the letter to the MAC.* This permits the *MAC* to make preliminary arrangements for final cost reports and final settlement, and to adjust any outstanding payments to avoid overpayments in accordance with *the MAC* instructions.

3048A - Voluntary Termination

(Rev. 202, Issued: 06-19-20, Effective: 06-19-20, Implementation: 07-27-20)

The MAC will notify the provider or supplier of approval of voluntary termination. The MAC sends copies of the letter to the SA, RO, and AO.

For Medicaid-only certified facilities or dually-certified Medicare and Medicaid facilities, the SA will send notification to the RO and SMA.

3048B - Close of Business

(Rev. 202, Issued: 06-19-20, Effective: 06-19-20, Implementation: 07-27-20)

The RO sends a letter modeled after Exhibit 190 to the provider with copies to the SA, *MAC*, and, if appropriate, the SMA. If a supplier is closing, the RO notifies the *MAC* and sends a letter modeled after Exhibit 191.

3049A - Voluntary Terminations and Close of Business

(Rev. 202, Issued: 06-19-20, Effective: 06-19-20, Implementation: 07-27-20)

In the upper left-hand corner The *SA* enters “VOLUNTARY TERMINATION--CODE 2.”

The *SA* completes items 1, 3, 7, 26, 28, 29, 30 (signature of *SA* official delegated to sign), and 32.