

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-06 Medicare Financial Management</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 335</b>	<b>Date: January 31, 2020</b>
	<b>Change Request 11386</b>

**SUBJECT: Updates to Medicare Financial Management Manual Chapter 3, Section 140.1 Bankruptcy Forms**

**I. SUMMARY OF CHANGES:** This Change Request (CR) clarifies and updates the bankruptcy referral checklist instructions to chapter 3, sections 140.1 (Under the Federal Claims Collection) of the Financial Management Manual.

**EFFECTIVE DATE: March 2, 2020**

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

**IMPLEMENTATION DATE: March 2, 2020**

*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.

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
R	3/140.1 / Bankruptcy Form

**III. FUNDING:**

**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**

# Attachment - Business Requirements

Pub. 100-06	Transmittal: 335	Date: January 31, 2020	Change Request: 11386
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**SUBJECT: Updates to Medicare Financial Management Manual Chapter 3, Section 140.1 Bankruptcy Forms**

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## I. GENERAL INFORMATION

**A. Background:** Bankruptcy is a form of litigation. Under the Federal Claims Collection Act of 1966, as amended, each agency of the Federal Government (pursuant to regulations jointly promulgated by the Attorney General and the Comptroller General of the U.S.) must attempt collection of Federal Government claims for money arising out of activities of the agency.

Upon receipt of a new bankruptcy notification, contractors shall consult closely with the Regional Office before taking any actions regarding a bankrupt provider, supplier or beneficiary. Time is of the essence when a provider, supplier or beneficiary files for bankruptcy. Thus, timely notification will help protect the Medicare Trust Fund and will ensure proper handling of the Medicare financial obligations in accordance with the applicable bankruptcy regulations.

The purpose of a bankruptcy referral checklist is to provide applicable provider, supplier or beneficiary information and all outstanding overpayments eligible for repayment. Every overpayment, regardless of the cause of the overpayment or the status of the provider, supplier or beneficiary, shall meet the requirements for referral.

**B. Policy:** This CR does not affect legislation or policy.

## II. BUSINESS REQUIREMENTS TABLE

*"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.*

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C M W F		
11386.1	Contractors shall take necessary actions to implement the attached instructions, primarily by ensuring that the bankruptcy referral checklist conforms to this change.	X	X	X	X						
11386.2	Contractors shall use the HIGLAS, VMS, FISS, MCS, PECOS, and internal systems to complete the bankruptcy referral checklist.	X	X	X	X						

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			D M E	C E D I
		A	B	H H H		
	None					

### IV. SUPPORTING INFORMATION

**Section A: Recommendations and supporting information associated with listed requirements: N/A**

*"Should" denotes a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information:

**Section B: All other recommendations and supporting information: N/A**

### V. CONTACTS

**Pre-Implementation Contact(s):** Celia Mendes, 215-861-4760 or celia.mendes@cms.hhs.gov

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR).

### VI. FUNDING

**Section A: 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.

**ATTACHMENTS: 1**

# Medicare Financial Management

## Chapter 3 - Overpayments

### **140.1 –Bankruptcy Forms**

**(Rev. 335 Issued: 01-31-2020, Effective: 03-02-2020, Implementation: 03-02-2020)**

Upon receipt of a new bankruptcy notice, contractors shall immediately notify the appropriate CMS Regional Office (RO) of the bankruptcy and begin the process of collecting the required information on the Bankruptcy Referral Checklist. The Bankruptcy Referral Checklist is divided into three tiers, each designed to gather the appropriate bankruptcy information within a reasonable timeframe. Tier I information shall be submitted to the RO within two business days of receipt of the bankruptcy notification. Tier II information shall be submitted to the RO within five business days of receipt of the bankruptcy notification. Tier III information shall be submitted to the RO upon request. The submission timeframes for Tier I and Tier II are extended by 3 business days, respectively, if the bankruptcy notice is received by hard copy mail.

Below is a list of the requirements for a basic bankruptcy referral to use when the contractor first receives notice of a new bankruptcy (it is not all-inclusive).

### **EXHIBIT 1**

#### **Bankruptcy Referral Checklist Tier I**

(Submit to the RO as an Excel file, via email, within two business days from receipt of the bankruptcy notification)

#### **BANKRUPTCY NOTIFICATIONS**

Tier I: Due 0 - 2 Business Days upon receipt of electronic notice. Example: Received July 9, XXXX. Due July 11, XXXX

Due 5 Business Days if notice received by mail. Example: Received July 9, XXXX. Due July 14, XXXX

	<u>MAC Response</u>	<u>MAC Comments</u>
Bankruptcy Case #	Example: 18-BNK-12345	
Bankruptcy Court	Example: Texas Northern	
Petition Date		
Provider Name		
Provider Number(s)		
Provider Tax ID		
Open Overpayment Amount		
List of open debts attached (refer to Exhibit 4)		See Receivables Summary tab
Provider Detail Screen Attached (Y/N)?		See Provider Screen tab
Still billing Medicare (Y/N)?		
Medicare Termination Date		
Last Payment Date		
Is there an active Surety Bond policy (Y/N)? (DME Only)		
Debts Recalled from Treasury (Y/N or N/A)?		

<i>Debts Placed in Bankruptcy Status (Y/N)?</i>		
<i>Active ERS (Y/N)?</i>		
<i>Money Held (Y/N)? If yes, Amount &amp; Hold Type</i>		
<i>PIP &amp; Pass Through Payment Amounts Due Provider (Y/N)?</i>		

**EXHIBIT 2**

**Bankruptcy Referral Checklist Tier II**

*(Submit to the RO as an Excel file, via email, within five business days from receipt of the bankruptcy notification. Please note that Excel file contains a tab with instructions on what is expected.)*

**BANKRUPTCY NOTIFICATIONS**

*Tier II: Due 5 Business Days upon receipt of electronic notice. Example: Received July 9, XXXX. Due July 14, XXXX. Due 8 Business Days if notice received by mail.*

	<u><b>MAC Response</b></u>	<u><b>MAC Comments</b></u>
<i>Any Open Claims (Y/N)?</i>		
<i>Amount of Claims on Payment Floor?</i>		
<i>Any open cost reports (Y/N or N/A)? (Part A Only)</i>		
<i>Year &amp; Status of Open Cost Reports? (Part A Only)</i>		
<i>Cost Reporting Years in Appeal (Part A Only)</i>		
<i>Pending Cost Report Reopenings (Y/N)? (Part A Only)</i>		
<i>Any claims under appeal (Y/N)?</i>		
<i>Any Overpayments in Appeals Status (Y/N)?</i>		
<i>Any Fraud Overpayments or Investigations (Y/N)?</i>		
<i>Date of fraud cases, if applicable</i>		
<i>Evidence of a Recent or Pending CHOW (Y/N)?</i>		<i>Recent = Within a year of the Petition Date</i>

**EXHIBIT 3**

**Bankruptcy Referral Checklist Tier III**

*(Submit to the RO upon request, via email)*

**BANKRUPTCY NOTIFICATIONS**

*Tier III (Provided only upon request by CMS)*

<u><i>Examples:</i></u>
<i>Provider Participating in Medicaid program?</i>
<i>Provide copies of Demand Letters</i>
<i>Claims paid in last 12 months?</i>



**BANKRUPTCY NOTIFICATIONS**

**Tier I: Due 0 - 2 Business Days upon receipt of electronic notice**

**Due 3 - 5 Business Days if notice received by mail**

	<u>MAC Response</u>	<u>MAC Comments</u>
<b>Bankruptcy Case #</b>		
<b>Bankruptcy Court</b>		
<b>Petition Date</b>		
<b>Provider Name</b>		
<b>Provider Number(s)</b>		
<b>Provider Tax ID</b>		
<b>Open Overpayment Amount</b>	\$	-
<b>List of open debts attached (see Receivable Summary tab)</b>		
<b>Provider Detail Screen Attached (Y/N)?</b>		
<b>Still billing Medicare (Y/N)?</b>		
<b>Medicare Termination Date</b>		
<b>Last Payment Date</b>		
<b>Is there an active Surety Bond policy (Y/N)? (DME Only)</b>		
<b>Debts Recalled from Treasury (Y/N or N/A)?</b>		
<b>Debts Placed in Bankruptcy Status (Y/N)?</b>		
<b>Active ERS (Y/N)?</b>		
<b>Money Held (Y/N)? If yes, Amount &amp; Hold Type</b>		
<b>PIP &amp; Pass Through Payment Amounts Due Provider (Y/N)?</b>		

**BANKRUPTCY NOTIFICATIONS**

**Tier II: Due 3 - 5 Business Days upon receipt of electronic notice**

**Due 8 Business Days if notice received by mail**

**MAC Response**

**MAC Comments**

**Any Open Claims (Y/N)?**

**Amount of Claims on Payment Floor?**

**Any open cost reports (Y/N or N/A)? (Part A Only)**

**Year & Status of Open Cost Reports? (Part A Only)**

**Cost Reporting Years in Appeal (Part A Only)**

**Pending Cost Report Reopenings (Y/N)? (Part A Only)**

**Any claims under appeal (Y/N)?**

**Any Overpayments in Appeals Status (Y/N)?**

**Any Fraud Overpayments or Investigations (Y/N)?**

**Date of fraud cases, if applicable**

**Evidence of a Recent or Pending CHOW (Y/N)?**

Recent = Within a year of the Petition Date

## **BANKRUPTCY NOTIFICATIONS**

**Tier III (Provided only upon request by CMS)**

### Examples:

Provider Participating in Medicaid program?

Provide copies of Demand Letters

Claims paid in last 12 months?

Provide copies of ERS approval Letters

Other Documents as Requested



Intentionally Left Blank: Please insert applicable screen:

FISS - Financial Master - Administrative Screen 2, MCS - Provider Eligibility Screen (PE), VMS - APPL H1

Category	Data Element	Instruction	Example
Tier I	Bankruptcy Case #	Prescribed format for this field is Court Abbreviation + BNK Case Number	TNMBKE-19-12345
Tier I	Bankruptcy Court	Court State and Region (if applicable)	Tennessee Middle
Tier I	Petition Date	Date Petition Filed in US Bankruptcy Court	01/01/2019
Tier I	Provider Name		
Tier I	Provider Number(s)	DME PTAN(s) or HIGLAS Supplier Number(s)	VMS - 1234560001 , HIGLAS - CONTRACTOR WKLOAD-PROV NUMBER-NPI
Tier I	Provider Tax ID		12-34567890
Tier I	Open Overpayment Amount	Will automatically populate from Receivables Summary tab	
Tier I	List of open debts attached (Y/N)?		
Tier I	Provider Detail Screen Attached (Y/N)?	Attach screen print from FISS, MCS, or VMS APPL	FISS - Financial Master - Administrative Screen 2, MCS - Provider Eligibility Screen (PE), VMS - APPL H1
Tier I	Still billing Medicare (Y/N)?	Has provider submitted claims in the last 6 months	
Tier I	Medicare Termination Date	If multiple, list most current	
Tier I	Last Payment Date	Date of last claim payment made to provider	
Tier I	Is there an active Surety Bond policy (Y/N)?	DME Only	
Tier I	Debts Recalled from Treasury (Y/N or N/A)?	If debt(s) not ever referred list N/A	
Tier I	Debts Placed in Bankruptcy Status (Y/N)?	Are the provider's overpayments in a Bankruptcy AR Status	
Tier I	Active ERS (Y/N)?	Does provider have an active Extended Repayment Schedule	If in default, list as No and add comment
Tier I	Money Held (Y/N)? If yes, Amount & Hold Type	See example	Yes; \$1,000.00, Administrative Freeze
Tier I	PIP & Pass Through Payment Amounts Due Provider (Y/N)?	If yes, provide amount	
Tier I	Any Open Claims (Y/N)?	Does the provider have any open claims in the system that are unpaid	
Tier I	Amount of Claims on Payment Floor?	Amount of approved claims scheduled to be paid	
Tier II	Any open cost reports (Y/N or N/A)?	If not Part A workload, list N/A	Yes
Tier II	Year & Status of Open Cost Reports?	If not Part A workload, list N/A	2016, Unfiled
Tier II	Cost Reporting Years in Appeal	If not Part A workload, list N/A	
Tier II	Pending Cost Report Reopenings (Y/N)?	If not Part A workload, list N/A	
Tier II	Any claims under appeal (Y/N)?		
Tier II	Any Overpayments in Appeals Status (Y/N)?	If Yes, provide stage of Appeal (Ex: Reconsideration)	
Tier II	Any Fraud Overpayments or Investigations (Y/N)?		
Tier II	Date of fraud cases, if applicable		
Tier II	Evidence of a Recent or Pending CHOW (Y/N)?	Recent = within 1 year of Petition Date	
Tier I	Receivables Summary	Required fields - Provider Name and Number, AR or DCN #, Seq # (DME only), AR Status, Letter Date, Overpayment Amount, Current Principal Balance, Current Interest Balance, Pre and Post Petition Interest, Reason / Discovery Codes, Dates of Service	MAC can manually calculate and enter pre and post petition interest amounts if they experience problems with the formulas. The most current RBD report should be the datasource for all HIGLAS workloads