
Program Memorandum Intermediaries

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

Transmittal A-02-012

Date: FEBRUARY 8, 2002

CHANGE REQUEST 1970

SUBJECT: “Do Not Forward” (DNF) Initiative

This Program Memorandum (PM) establishes a requirement for users of the Arkansas Part A Standard System (APASS) effective July 1, 2002 to implement the DNF Initiative. This initiative entails the use of “Return Service Requested” envelopes to preclude the forwarding of Medicare checks to locations other than those recorded on the Medicare provider files. The use of these envelopes permits the U.S. Postal Service to return Medicare checks to you free of charge as it has for DMERCs since February 1997.

Returned Check Process

You are required to use “Return Service Requested” envelopes for all checks, remittance advices and overpayment demand letters mailed to providers. You must be in compliance with postal regulations when developing your DNF envelopes. This initiative applies only to the “Pay To” address of each provider. Mailing addresses and physical addresses are not the major focus.

Outgoing mail must be sorted to identify provider checks, remittance advices and overpayment demand letters and only these documents will be placed in “Return Service Requested” envelopes.

When the check is returned, if applicable, the U.S. Postal Service will provide you with a new address or reason for nondelivery. If a new address for the provider is supplied to you with the returned check, do not automatically change the address of the provider or remail the check to the provider. (See the Change of Address process described below.)

Once an envelope is returned from the post office, the check number and any correspondence in the envelope should be recorded using your normal procedures for incoming mail (for example, microfiched and photocopied). The checks must also be logged and accounted for noting pertinent information including provider’s name and number, date of check, the check number, the amount of the check and the date the check was returned.

Your financial staff will either reissue the check based upon the receipt of an updated verified address or systematically cancel the returned check and notify the provider enrollment staff that a provider must be flagged DNF. The provider enrollment staff will annotate the provider file with a DNF flag pending receipt of a verified address. Any subsequent claims submitted by flagged providers will be processed through the Common Working File (CWF) to adjudication, but no additional check, checks or EFTs should be generated to the provider until an authorized address correction is received and the flag removed.

In addition, the provider enrollment staff must alert the fraud and abuse staff in the event that any investigations are currently taking place which are affiliated with flagged providers. Implement a standardized reporting format for this process.

Change of Address Process

When the flagged providers notify you that they have not received their checks, direct them to your provider enrollment staff. The provider must complete the necessary sections to change their address on Form CMS-855A or other written notification. The form or written notification must bear an original signature from an authorized representative of the entity that completed the original

registration form. No copies, faxes, or stamps are acceptable. For purposes of this process, the most important address is the “Pay To” address. If the provider did not furnish the “Pay To” address on Form CMS-855A or the written notification, it must be returned and the “Pay To” address must be furnished. Addresses cannot be changed based on telephone calls.

When an address has been verified, your provider enrollment staff must update the address for the provider and remove the DNF flag.

A report must be sent daily from your provider enrollment unit to your financial unit advising which providers are no longer flagged DNF. Your financial staff must generate all payment that is due the provider for claims that were adjudicated for the time period the provider was flagged.

Quarterly Reporting Requirements

In order to monitor the results of this initiative, you must submit quarterly reports to your appropriate Regional Office (RO) contact and Central Office (CO) contact (Nicole Atkins at Natkins@cms.hhs.gov). The reports are due by the fifteenth day of each month that follows the end of a quarter (i.e., January 15, April 15, July 15, and October 15). The initial report will capture data from the quarter beginning July 1, 2002 and ending September 30, 2002. The initial report, therefore, is due to the appropriate CO and RO contacts by October 15, 2002.

The DNF Reporting Spreadsheet

Attached is a spreadsheet you must use for your DNF reports. To be certain that all parties understand what information CMS needs to get from these reports, we are providing the following definitions for each field. CMS has also attached a sample spreadsheet for reference.

<u>Field #</u>	<u>Definition</u>
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Providers Flagged/Corrected Counts

- | | |
|---|---|
| 1 | The number of all providers you flagged for DNF during the reporting quarter that were not flagged at the end of the previous reporting quarter |
| 2 | The number of all providers who supplied a verified correct address, causing you to remove the DNF flag during the reporting quarter |
| 3 | The total number of all providers who still have a DNF flag on the last day of the reporting quarter, including those you flagged in a previous quarter who did not supply a verified corrected address |

Check Counts

- | | |
|---|--|
| 4 | The total number of checks the postal service returned to you due to an incorrect address during the reporting quarter |
| 5 | The total number of all checks that you did not issue due to DNF flags in the system during the reporting quarter |
| 6 | The total number of all checks (both those the Postal Service returned and those you had been holding due to a DNF flag in the system) you reissued during the reporting quarter to providers who submitted a verified correct address |

Systems Requirements

The standard systems generate the DNF reports. Standard systems and local intermediaries must modify their systems in order to generate figures for each field in accordance with the above descriptions. Furthermore, standard systems must be certain that when the system calculates the totals, it includes the first returned check that prompted the DNF flag.

Stale Dating Requirements

PM AB-01-122 issued instructions regarding stale dating Medicare checks. The PM stated that you must apply the stale dating policies listed in the PM to any checks that remain outstanding 1 year after the date of issue, unless state or local banking regulations require them to be stale dated at an earlier date. A section in the PM entitled "Undeliverable Checks" specifically addresses the DNF initiative, stating that when the Postal Service returns a check as undeliverable, you must void the check immediately.

DNF Funds Held for a Calendar Year

You must currently follow procedures CMS outlined in PM AB-01-122 regarding undeliverable and stale dated checks. Once a provider has been flagged for DNF, you may not cut any more hard copy checks for that provider, until the DNF flag has been removed. Do not send an EFT. For DNF providers, only hold funds up to one calendar year from the scheduled payment date. After one calendar year has passed, you must cancel the payment you are holding and send an adjustment claim to CWF. Sending an adjustment claim to CWF will help you to balance your financial records.

Processing Subsequent Claims

You must process through CWF and adjudicate any subsequent claims a DNF flagged provider submits. For claims processing purposes, use the address you have on file to adjudicate claims submitted by DNF flagged providers. However, do not issue any additional checks or EFTs for a DNF flagged provider until an address correction is received and the DNF flag is removed.

Releasing Monies After the Removal of the DNF Flag

Once the DNF flag is removed, you must release/issue monies in your next batch cycle due the provider for claims that were adjudicated but payments were withheld because of the DNF flag.

The *effective date* for this PM is July 1, 2002 for APASS users.

The *implementation date* for this PM is July 1, 2002 for APASS users. Fiscal Intermediary Standard System (FISS) users will implement at a later date to be communicated by CMS.

Standard systems should implement these changes. Funding is available through the regular budget process for costs required for implementation for APASS users only.

This PM may be discarded after June 30, 2003.

If you have any questions, contact the appropriate regional office contacts with any questions concerning this initiative. Regional office staff may direct questions to Nicole Atkins at (410) 786-8278.

Attachments

