

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-06 Medicare Financial Management	Centers for Medicare & Medicaid Services (CMS)
Transmittal 197	Date: October 17, 2011
	Change Request 7569

Transmittal 196, dated October 13, 2011, is being rescinded and replaced by Transmittal 197, dated October 17, 2011 to implement two interest rate changes rather than one. One interest rate change is effective for October 19, 2011 only; and a second interest rate change is effective October 20, 2011.

SUBJECT: Notice of New Interest Rate for Medicare Overpayments and Underpayments - 1st Notification for FY 2012

I. SUMMARY OF CHANGES: This Change Request provides a quarterly update of the Medicare interest rate for overpayments and underpayments.

EFFECTIVE DATE: October 19, 2011 and October 20, 2011, as specified.

IMPLEMENTATION DATE: October 19, 2011 and October 20, 2011, as specified.

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/revise 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
N/A	

III. FUNDING:

For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:

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

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:

Recurring Update Notification

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

Attachment – Recurring Update Notification

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SUBJECT: Notice of New Interest Rates for Medicare Overpayments and Underpayments – 1st Notification for FY 2012

Effective Dates: October 19, 2011 and October 20, 2011, as specified.

Implementation Dates: October 19, 2011 and October 20, 2011, as specified.

I. GENERAL INFORMATION

A. Background: Medicare Regulation 42 CFR §405.378 provides for the assessment of interest at the higher of the current value of funds rate (one percent for calendar year 2012) or the private consumer rate as fixed by the Department of the Treasury.

B. Policy: The Department of the Treasury has notified the Department of Health and Human Services that the private consumer rate has been changed. Contractors shall use the rate of 10.78% effective for October 19, 2011 only and the rate of 10.875% effective October 20, 2011.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A D B M A C	D M M A C	F I R E R	C A R I E R	R H H I S S	Shared-System Maintainers				OTH ER
						F I S S	M C S	V M S	C W F		
7569.1	The Medicare contractors shall implement an interest rate of 10.78% effective for October 19, 2011 only for Medicare overpayments and underpayments.	X	X	X	X	X					
7569.2	The Medicare contractors shall implement an interest rate of 10.875% effective October 20, 2011 for Medicare overpayments and underpayments	X	X	X	X	X					

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)
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IV. SUPPORTING INFORMATION

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:
7569.1	This reaffirms interest rates for prior periods:
Period	Interest Rate
February 7, 2001 – April 25, 2001	14.125%
April 26, 2001 - August 6, 2001	13.75%
August 7, 2001 – October 30, 2001	13.25%
October 31, 2001 – January 31, 2002	13.25%
February 1, 2002 – May 7, 2002	12.625%
May 8, 2002 – August 7, 2002	11.75%
August 8, 2002 – November 18, 2002	12.625%
November 19, 2002 – February 10, 2003	11.25%
February 11, 2003 – April 27, 2003	10.75%
April 28, 2003 – August 10, 2003	11.625%
August 11, 2003 – November 2, 2003	12.125%
November 3, 2003 –February 3, 2004	12.00%
February 4, 2004 – May 6, 2004	12.00%
May 7, 2004 – August 8, 2004	11.875%
August 9, 2004 – November 11, 2004	11.75%
November 12, 2004 – February 7, 2005	12.00%
February 8, 2005 – April 24, 2005	11.875%
April 25, 2005 – July 21, 2005	12.00%
July 22, 2005 – November 2, 2005	12.00%
November 3, 2005 – January 24, 2006	12.25%
January 25, 2006 – April 23, 2006	11.875%
April 24, 2006 – July 18, 2006	12.125%
July 19, 2006 – October 17, 2006	12.625%
October 18, 2006 – January 18, 2007	12.375%
January 19, 2007 – April 19, 2007	12.5%
April 20, 2007 – July 19, 2007	12.375%
July 20, 2007 – October 18, 2007	12.625%
October 19, 2007 – January 17, 2008	12.5%
January 18, 2008 – April 17, 2008	12.125%
April 18, 2008 – July 23, 2008	11.375%
July 24, 2008 – October 21, 2008	11.125%
October 22, 2008 – January 22, 2009	11.375%
January 23, 2009 – April 15, 2009	11.375%
April 16, 2009 – July 16, 2009	11.00%

X-Ref Requirement Number	Recommendations or other supporting information:
July 17, 2009 – October 21, 2009	11.25%
October 22, 2009 – January 24, 2010	10.875%
January 25, 2010 – April 22, 2010	11.25%
April 23, 2010 – July 20, 2010	10.875%
July 21, 2010 – October 21, 2010	11.00%
October 22, 2010 – January 23, 2011	10.75%
January 24, 2011 – April 18, 2011	11.25%
April 19, 2011 – July 17, 2011	11.00%
July 18, 2011- October 18, 2011	11.50%
October 19, 2011- October 19, 2011	10.78%
October 20, 2011	10.875%

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

V. CONTACTS

Pre-Implementation Contact(s): Monica Potee (410) 786-4297.

Post-Implementation Contact(s): Contact your Contracting Officer's Technical Representative (COTR) or Contractor Manager, as applicable.

VI. FUNDING

Section A: For *Fiscal Intermediaries (FIs)*, *Regional Home Health Intermediaries (RHHIs)*, and/or *Carrier*:

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.