Effective October 1999

Medicaid Program Implements Penalties and Interest Assessments
According to NC General Statute – 147-86.10

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Section I. General NC Statute Requirements

What Does North Carolina (NC) General Statute Require?

- Definition of the NC Statute (147-86.10) – This State statute requires effective cash management of all funds. As a result, all balances due to the Medicaid program NOT returned or paid within 30 days will automatically be assessed a one time 10% penalty and interest on an accumulative basis. The interest rate assessed is a variable one set forth by the North Carolina Department of Revenue (NC DOR). The current interest rate is 8%. The interest rate will be updated to ensure compliance with any changes made by the NC DOR

- Effective Date of this Statute within Medicaid Processing – October 1, 1999

- Who It Will Affect – All providers, excluding state agencies, who do NOT return monies due to the Medicaid Program within a 30 day period

- Highlights of Medicaid Processing Changes as a result of implementing NC General Statute 147-86.10:
  1. Penalty and Interest Assessment – Medicaid adjustments or other monies due to Medicaid, which are not paid in full via claim payment or refunds within 30 days of processing will be assessed a one-time 10% penalty and 8% interest on the outstanding balance. Interest will be assessed every subsequent 30-day period on the total outstanding balance until the total balance is paid in full.
  2. Transfers of Adjustment Balances – Any adjustment balance will be transferred from an inactive provider (no claims payment) to an active provider (claims payment) when determined to be operating under the same tax entity. Refer to Section III for more details.

The above items are explained further in the following pages of this bulletin with examples, changes to the Medicaid Remittance and Status Advice (RA) and new Explanation of Benefit (EOB).

Section II. Penalty and Interest Assessments

Medicaid adjustments or any other monies due to Medicaid initiated by DMA, initiated by audits and edits of the Medicaid program, initiated at the request or known by the provider and are NOT paid in full via claim payment or refunds within 30 days of processing will be assessed a one-time 10% penalty and interest on the outstanding balance. In accordance with statutory requirements, the Medicaid program will use interest rates as established by the North Carolina Department of Revenue (NC DOR). The current interest rate is 8%. Interest will be changed to ensure compliance with any modifications made by the NC DOR. Interest will be assessed every subsequent 30 day period on the total outstanding balance until the total balance is paid in full. The following is an example of penalty and interest assessment on a Medicaid adjustment in the amount of $200:

- Initial Medicaid Adjustment Amount = $200
- Payment received in the first 30 day period = $0
- Balance Remaining (also referred to as Principal Amount) after 30 days = $200-$0=$200
- One time 10% Penalty Assessed for the initial period = $200 X .10 = $20
- 8% Interest Assessed for the initial period =((($200 balance X .08 interest rate)/365 # of days in year) x 31days aged = $1.36 interest assessment
If the balance continues to age to the next 30 day period, interest will be assessed on the total balance due amount of $221.36 ($200 principal + $20 penalty + $1.36 interest)

- The additional interest amount is $1.46 ($221.53 x .08/365) x 30 additional days

- The total balance going forward is $222.82 ($221.36 + $1.46)

A notice will be provided to each provider on the Medicaid RA when an adjustment or other Medicaid recovery is first initiated. This notice is required by the North Carolina General Statute and titled as a “dunning notification”. The purpose of the dunning notice is to alert the provider of the potential penalty and interest assessment if balances due are not paid in full within 30 days. This dunning notice will be displayed on the first page of the Medicaid RA and will be displayed as noted on the next page.

DUNNING NOTIFICATION DISPLAYED ON MEDICAID RA:

“Alert! May be subjected to penalty and interest on adjustments processed. Monies are due back to Medicaid. Per the NC Statute 147, this RA serves as your required dunning notification. All outstanding adjustment balances must be paid within 30 days or a 10% one-time penalty will be assessed and interest will be charged at a 8% per annum rate. If you have already issued a refund related to your Medicaid adjustment balance due, please disregard this notice. If you cannot pay this balance within 30 days please contact DMA to discuss other payment arrangements. Disputes related to penalty and interest assessments must be provided through written notification to EDS.”

Penalty and interest assessments will be calculated by the Medicaid program on a monthly basis and will be reflected on the next available Medicaid checkwrite cycle in the Financial Items Section of the Medicaid RA. These penalty and interest financial transactions will be reflected below the related balance due (principal amount) and EOB(s) 2254 & 2255 and 2256 & 2257, respectively, will be used to communicate assessments. Refer to Section VI for definitions of each EOB.

Balances due will continue to be collected through current claims payments and applied against principal amounts first, then against penalty amounts, and interest amounts last. As payments are collected, the related application will be reflected in the Financial Items Section with EOB(s) 112, 2258-2261. However, if the provider is NOT aware of any impending claims payment, a refund can be sent to Medicaid to clear the balance due. Refunds will be processed and applied directly to the outstanding balance due using EOB 2242 and will be reflected in the Financial Items Section of the Medicaid RA. If the refunds are sent within the 30 day window but not entered and applied within the Medicaid system by month-end, penalty and interest will be assessed. However, once the refund is processed, all penalties and interest assessed will be automatically reversed. This reversal of penalty and interest assessments will be reflected in the Financial Items Section of the Medicaid RA with EOB(s) 2251 and 2252. Refer to Section VI for more details on the EOB(s) stated above.

In situations of extreme financial hardship ONLY, the provider can contact the Financial Branch of the Division of Medical Assistance (DMA – (919)-857-4014)) and make a request for a payment plan. DMA will consider the request and if approval is granted, then a payment plan will be established. DMA will establish the payment plan arrangements: payment amount and timeline for repayment. Penalty and interest assessments will be made on the amount due during the payment plan timeline.

A dispute for abatement of the penalty and interest can ONLY be initiated if the communication of interest and penalty assessment was not received. The dispute for abatement must be in writing and received within 30 days of the initial penalty and interest assessment; otherwise, the assessments will not be considered for abatement. The dispute will be required to include the following information:

- Provider Number
- Provider Name
- Provider Address
North Carolina Statute and Account Receivable Implementation

- Provider Phone Number
- Copy of RA reflecting the principal, penalty, and interest assessment in question
- Request and reason for abatement
- Mail written notification to:
  
  EDS Finance  
  4905 Waters Edge Drive  
  Raleigh, NC 27606

Please allow 30-45 days for review and final determination as to whether any of the penalty and interest assessments will be abated. In the interim, interest assessments will continue to be assessed and accumulate. If claims payments are used to pay the principal, penalty and interest amounts due and abatement of the penalty and interest are deemed appropriate, Medicaid will reimburse the provider via payouts. These penalty and interest payouts will be reflected only in the Financial Items Section of the Medicaid RA and will display EOB 2262 and 2263, respectively. Refer to Section VI for EOB definitions.
Penalty and Interest Assessment Example #1

Example #1  The $1,500 adjustment initiated on Donna Smith reflects an aged balance of more than 30 days. As a result, the month end 11/99 interest and penalty cycle assessed 10% penalty of $150 ($1,500 x .10) and $12.87 interest based on a current rate of 8% per annum ($1500 x .08/365) x 39 days aged)

Example #1 – Financial Items Section
Example #1 – Claims Payment Summary
**EXAMPLE 1**

**ABC CORPORATION**

**ACCOUNTS RECEIVABLE DEPT**

**P O BOX 1111**

**ANYWHERE NC 22222**

**PROVIDER NUMBER**

**DATE**

**12/06/1999**

**PAGE**

**2**

---

### PROVIDER NUMBERS

**17**

**DATE**

**12/06/1999**

**AMOUNT**

2,163.77

**SUB TOTAL:**

1,100.00

**AMOUNT**

2,225.00

**SUB TOTAL:**

0.00

**AMOUNT**

1,900.00

**SUB TOTAL:**

0.00

**AMOUNT**

2,000.00

**SUB TOTAL:**

0.00

**AMOUNT**

4,700.00

**SUB TOTAL:**

0.00

**AMOUNT**

2,000.00

**SUB TOTAL:**

0.00

**AMOUNT**

2,000.00

**SUB TOTAL:**

0.00

**AMOUNT**

2,000.00

**SUB TOTAL:**

0.00

**AMOUNT**

2,000.00

**SUB TOTAL:**

0.00

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### OTHER EXPLANATION

**TOTAL OF COLUMN FOR PRINCIPAL, PENALTY, AND INTEREST TO WITHHELD AMOUNT ON CLAIMS PAYMENT SUMMARY PAGE**

**TOTAL PRINCIPAL:** 2,163.77

**TOTAL PENALTY:** 0.00

**TOTAL INTEREST:** 2,225.00

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### REMITTANCE AND STATUS REPORT

**NORTH CAROLINA MEDICAID**

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**NOTE:** Underlined items are fields that were expanded in order to become Y2K compliant.
### NORTH CAROLINA MEDICAID

#### REMITTANCE AND STATUS REPORT

**Example I Summary**

**Provider Name:** ABC CORPORATION

**Address:** PO BOX 1111, ANYWHERE NC 22222

**Provider Tax ID:** 62-1999999

**Provider Tax Name:** ABC CORPORATION

**Payer ID:** ELECTRONIC DATA SYSTEMS CORPORATION, PO BOX 30968 RALEIGH, NC 27622 #75-2548211

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### Claims Payment Summary

**Current Processed:**

- Date: 12/06/1999
- Provider Name: ABC CORPORATION
- Accountable Dept: Anywhere

**Year-To-Date Total:**

- Paid: 150350.00
- Net Pay: 5000.00
- IRS Withheld: 145350.00
- POS & Other: 4300.00
- Total: 141050.00

---

**1099 Information:**

- This Information is Being Furnished to the Internal Revenue Service

**Provider Name:** ABC CORPORATION

**Address:** PO BOX 1111, ANYWHERE NC 22222

**Provider Tax ID:** 62-1999999

**Provider Tax Name:** ABC CORPORATION

**Payer ID:** ELECTRONIC DATA SYSTEMS CORPORATION, PO BOX 30968 RALEIGH, NC 27622 #75-2548211

---

**H12 Check Amount Reduced by Recoupment Amount:**

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### Explanation Codes

The following is a description of the explanation codes utilized throughout the report:

- **112** Check Amount Reduced By Recoupment Amount
- **2254** One-Time Penalty Adjustment Systematically. Assessment of 10% For Aged (>30 Days) Balance Due (Principal Only)
- **2256** Interest Assessment Systematically On Adjustment For Aged (>30 Days) Balance Due (Principal Only)

---

**Note:** Underlined items are fields that were expanded in order to become Y2K compliant.
Penalty and Interest Assessment Example #2

Example #2  The 3 adjustments, totaling $3,200 initiated on Joe Smith reflects an aged balance of more than 30 days. As a result, the month end 11/99 interest and penalty cycle assessed 10% penalty of $3200 ($3,200 x 10) and $27.35 interest based on a current rate of 8% per annum ((($3200 x .08)/365) x 39 days aged)

Example #2 – Financial Items Section
Example #2 – Claims Payment Summary
<table>
<thead>
<tr>
<th>RECIPIENT NAME</th>
<th>TXN DATES</th>
<th>ORIGINAL/TRANSFER AMOUNT</th>
<th>LESS THAN 100% INDICATOR</th>
<th>ADJUSTMENT % W/H</th>
<th>TRANSFER AMOUNT</th>
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</thead>
<tbody>
<tr>
<td>SMITH JOE</td>
<td>09/01/1999</td>
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<tr>
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<td>10/18/1999</td>
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**SUB-TOTAL**: 320000

**PENALTY**

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<th>TXN DATES</th>
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</table>

**SUB-TOTAL**: 32000

**NOTE**: Underlined items are fields that were expanded in order to become Y2K compliant.
### Example 2

**XZW INCORPORATED**

**ACCOUNTS RECEIVABLE DEPT**

**P O BOX 1111**

**ANYWHERE NC 22222**

<table>
<thead>
<tr>
<th>PROVIDER NUM</th>
<th>DATE</th>
<th>PAGE</th>
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**DAYSOTHER EXPLANATION**

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<th>CHARGES CODES</th>
<th>FINANCIAL ITEMS: ADJUSTMENTS (PRINCIPAL, PENALTY, INTEREST), REFUND, PAYOUT ACTIVITY</th>
<th>ORIGINAL/ ENDING AMOUNT</th>
<th>TRANSFER AMOUNT</th>
<th>ADJUSTMENT % W/H</th>
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<td>855 2256</td>
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<td>00</td>
<td></td>
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</tbody>
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**SUB TOTAL:** 2736 2736 00 00 2736

**TOTAL PPT:** 354736 354736 00 00 354736

TOTAL OF COLUMN C FOR PRINCIPAL, PENALTY, AND INTEREST = TO "WITHHELD AMOUNT" ON CLAIMS PAYMENT SUMMARY PAGE)

NOTE: Underlined items are fields that were expanded in order to become Y2K compliant.

**REMITTANCE AND STATUS REPORT**

**NORTH CAROLINA MEDICAID**

**XZW INCORPORATED**

**ACCOUNTS RECEIVABLE DEPT**

**P O BOX 1111**

**ANYWHERE NC 22222**

**EXAMPLE 2**

**CONTINUATION**
ACCOUNTS RECEIVABLE DEPT
P O BOX 1111
ANYWHERE NC 22222

PROVIDER NUMBER
R
DATE
12/06/1999

PROVIDER TAX ID:  56-5555555
PROVIDER TAX NAME:  XZW INCORPORATED
PAINTER ID:  ELECTRONIC DATA SYSTEMS CORPORATION, PO BOX 30968 RALEIGH, NC  27622   #75-2548211

Please verify the following identification numbers that have been assigned to you. If any of the numbers are incorrect, please send corrections to:

EDS
PO BOX 300009
RALEIGH, NORTH CAROLINA  27622

CLIA - NONE ASSIGNED
UPIN - NONE ASSIGNED

The following is a description of the explanation codes utilized throughout the report:

112 CHECK AMOUNT REDUCED BY RECOUPMENT AMOUNT
2254 ONE-TIME PENALTY ADJUSTMENT ASSESSED SYSTEMATICALLY. ASSESSMENT OF 10% FOR AGED (>30 DAYS) BALANCE DUE (PRINCIPAL, PENALTY & INTEREST)
2255 INTEREST ASSESSMENT SYSTEMATICALLY ON AMOUNT OF 6% ANNUAL, FOR AGED (>30 DAYS) BALANCE DUE (PRINCIPAL, PENALTY & INTEREST)
2585 ONE-TIME PENALTY ADJUSTMENT ASSESSED SYSTEMATICALLY. ASSESSMENT OF 10% FOR AGED (>30 DAYS) BALANCE DUE (PRINCIPAL, PENALTY & INTEREST)
412 CHECK AMOUNT REDUCED BY RECOUPMENT AMOUNT
725 OTHER EXPLANATION

The following is a description of the explanation codes utilized throughout the report:

112 CHECK AMOUNT REDUCED BY RECOUPMENT AMOUNT
2254 ONE-TIME PENALTY ADJUSTMENT ASSESSED SYSTEMATICALLY. ASSESSMENT OF 10% FOR AGED (>30 DAYS) BALANCE DUE (PRINCIPAL, PENALTY & INTEREST)
2255 INTEREST ASSESSMENT SYSTEMATICALLY ON AMOUNT OF 6% ANNUAL, FOR AGED (>30 DAYS) BALANCE DUE (PRINCIPAL, PENALTY & INTEREST)
2585 ONE-TIME PENALTY ADJUSTMENT ASSESSED SYSTEMATICALLY. ASSESSMENT OF 10% FOR AGED (>30 DAYS) BALANCE DUE (PRINCIPAL, PENALTY & INTEREST)
412 CHECK AMOUNT REDUCED BY RECOUPMENT AMOUNT
725 OTHER EXPLANATION

NOTE: Underscored items are fields that were expanded in order to become Y2K compliant
Penalty and Interest Assessment Example #3

Example #3  One adjustment of $11,250 initiated on Mary Brown reflects an aged balance of more than 30 days. Second adjustment on Gladys Youth has prior penalty and interest assessed and interest is assessed again due to continued aging. As a result, the month end 10/99 and 11/99 penalty and interest cycle assessed the transactions for Gladys Youth as follows: 10% penalty of $225 ($2,250 x .10) and $16.27 interest based on a current rate of 8% per annum ($2,250 x .08/365 x 33 days aged) for the 10/99 cycle. For the 11/99 cycle Gladys Youth's balance was $2,250 principal plus $225 penalty plus $16.27 interest totaling to $2,491.27 and $20.75 interest was assessed based on ($2,491.27 x .08/365) X 38 days additional aging. For the Mary Brown transaction of $11,250 penalty and interest were assessed in the amount of $1,125 and $93.70, respectively. Calculations used were $11,250 x .10 for penalty and $11,250 x .08/365x 38 days for interest.

Example #3 – Financial Items Section
Example #3 – Claims Payment Summary
### Provider Name: Youth Gladys

#### Charges:

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<th>Original Amount</th>
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<th>Allowed Amount</th>
<th>Total Billed Amount</th>
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</table>

#### Penalty:

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<tr>
<th>Date</th>
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<td>293402 3500</td>
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#### Adjustments:

- **Principal**
- **Penalty**

#### Summary:

- **Sub-total:** 135000 00
- **Penalty:**
- **Sub-total (Penalty):** 135000 00

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**Note:** Underlined items are fields that were expanded in order to become Y2K compliant.
### NORTH CAROLINA MEDICAID

### REMITTANCE AND STATUS REPORT

#### ACCOUNTS RECEIVABLE DEPT

- **XZW INCORPORATED**
- **P O BOX 1111**
- **ANYWHERE NC 22222**

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<tr>
<td>12/06/1999</td>
<td>1498072</td>
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**SUBTOTAL:** 1498072

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**TOTAL:** 1498072

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**TOTAL OF COLUMN C FOR PRINCIPAL, PENALTY, AND INTEREST = TO "WITHHELD AMOUNT" ON CLAIMS PAYMENT SUMMARY PAGE**

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**NOTE:** Underlined items are fields that were expanded in order to become Y2K compliant.
**EXAMPLE 3 SUMMARY**

**XZW INCORPORATED**  
**ACCOUNTS RECEIVABLE DEPT**  
**P O BOX 1111**  
**ANYWHERE NC 22222**

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</table>

**CURRENT PROCESSED**

YEAR-TO-DATE TOTAL

**1099 INFORMATION**  
**THIS INFORMATION IS BEING FURNISHED TO THE INTERNAL REVENUE SERVICE**

- **Provider Tax ID:** 56-5555555
- **Provider Tax Name:** XZW INCORPORATED
- **Payer ID:** ELECTRONIC DATA SYSTEMS CORPORATION, PO BOX 30968 RALEIGH, NC 27622 #75-2548211

**PLEASE VERIFY THE FOLLOWING IDENTIFICATION NUMBERS THAT HAVE BEEN ASSIGNED TO YOU. IF ANY OF THE NUMBERS ARE INCORRECT, PLEASE SEND CORRECTIONS TO:**

- **EDS**  
  **PO BOX 300009 RALEIGH, NORTH CAROLINA 27622**

**THE FOLLOWING IS A DESCRIPTION OF THE EXPLANATION CODES UTILIZED THROUGHOUT THE REPORT**

- **112** CHECK AMOUNT REDUCED BY RECOUPMENT AMOUNT
- **2254** ONE-TIME PENALTY ADJUSTMENT ASSESSED SYSTEMATICALLY ASSESSMENT OF 10% FOR AGED (>30 DAYS) BALANCE DUE (PRINCIPAL, PENALTY & INTEREST)
- **2256** INTEREST ASSESSMENT SYSTEMATICALLY ON ADJUSTMENT OF 9% ANNUALLY FOR AGED (>30 DAYS) BALANCE DUE (PRINCIPAL ONLY)

**NOTE:** Underlined items are fields that were expanded in order to become Y2K compliant.
Section III. Transfers of Adjustment Balances

Transfers of adjustments or other Medicaid recovery balances will be initiated from an inactive provider (no claims payment) to an active provider (claims payment) when it has been determined that both providers are operating under the same tax entity; thus, the same tax entity. This will ensure Medicaid’s timely recovery of monies due to the program. This transfer action will be taken based on the following criteria:

- If the adjustment or other Medicaid recovery balance has reached either of the following milestones:
  - No payment has been received and the balance is more than 30 days old
  - Only partial payment has been received and the adjustment balance is more than 60 days old

- If another provider is identified with the same tax identification number on the Medicaid file at either the 31 or 61 day point and this provider is actively submitting claims and receiving payments from Medicaid, then the following transactions will be processed:
  - The current inactive provider outstanding balance (principal, penalty and interest assessed at the 31 or 61 day point) will be transferred to the active provider for immediate collection using a financial adjustment to remove the total balance due. This transaction will result in the removal of the balance due and will be reflected in the Financial Items Section only of the Medicaid RA with EOB 2249. (Refer to section VI)
  - The identified active provider will receive the transferred balances via financial transactions reflecting in the Financial Items Section only of the Medicaid RA with EOB(s) 2243/2244 for principal; 2245-2246 for penalty, and 2247-2248 for interest. (Refer to section VI).

Transferring will occur when the criteria above is met in each Medicaid checkwrite cycle. Again, if deemed an inactive provider and he/she is aware of other active providers operating in the same tax entity, i.e., they have the same tax identification number, action should be taken to pay off all balances due within 30 days. Providers can refund the monies due or request a payment plan to reduce the risk of having balances transferred. Once transferred balances are initiated, they cannot be reversed and the related provider parties must settle with each other.
Transfer of Receivable Example #4

Example #4  The $500 adjustment initiated on Wendy Jones reflects an aged balance of more than 30 days and no claims payment activity in the last 30 days. As a result, prior to month end 11/99 interest and penalty cycle assessments, the balance due is transferred to provider number 342XXXX with the same tax identification data - 62-1111111 - MEL Corporation.

Example #4 – Financial Items Section
Example #4 – Claims Payment Summary
<table>
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<tr>
<th>TRANSFER AMOUNT</th>
<th>ADJUSTMENT</th>
<th>ORIGINAL</th>
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<td>50000.00</td>
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<td>50000.00</td>
<td>50000.00</td>
<td>2249.00</td>
<td></td>
</tr>
</tbody>
</table>

SUB-TOTAL: 50000.00

TOTAL: 50000.00

NOTE: Underlined items are fields that were expanded in order to become Y2K compliant.
### PROVIDER NUMBERS

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D F</th>
<th>G</th>
<th>H</th>
</tr>
</thead>
<tbody>
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#### CURRENT PROCESSED

<table>
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<tr>
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<th>C</th>
<th>D F</th>
<th>G</th>
<th>H</th>
</tr>
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<td>0 00</td>
</tr>
</tbody>
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#### YEAR-TO-DATE TOTAL

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<th>B</th>
<th>C</th>
<th>D F</th>
<th>G</th>
<th>H</th>
</tr>
</thead>
<tbody>
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<td>0 00</td>
<td>0 00</td>
<td>0 00</td>
<td>0 00</td>
</tr>
</tbody>
</table>

#### 1099 INFORMATION

- PROVIDER TAX ID: 62-1111111
- PROVIDER TAX NAME: MEL CORPORATION
- PAYER ID: ELECTRONIC DATA SYSTEMS CORPORATION, PO BOX 30968 RALEIGH, NC 27622 #75-2548211

### PLEASE VERIFY THE FOLLOWING IDENTIFICATION NUMBERS THAT HAVE BEEN ASSIGNED TO YOU. IF ANY OF THE NUMBERS ARE INCORRECT, PLEASE SEND CORRECTIONS TO:

- EDS
- PO BOX 300009
- RALEIGH, NORTH CAROLINA 27622

#### THE FOLLOWING IS A DESCRIPTION OF THE EXPLANATION CODES UTILIZED THROUGHOUT THE REPORT

2249 ADJUSTMENT WRITE-OFF DUE TO TRANSFER OF OUTSTANDING BALANCE NO EFFECT ON CLAIMS PAYMENT SUMMARY ITEMS (COLUMNS A-I)

### SPECIAL NOTE: IF YOUR REMITTANCE ADVICE IS TEN PAGES OR MORE AND YOU ARE DUE A PAPER CHECK FOR CLAIMS REIMBURSEMENT, YOUR CHECK WILL BE MAILED IN A SEPARATE ENVELOPE.
Continuation-Transfer of Receivable Example #4

The $500 adjustment indicated below is the transfer of provider number of
341XXXX balance due of $500 to the active provider number 342XXXX with the

Example #4A – Financial Items Section
Example #4A – Claims Payment Summary
## Example 4a

MEL CORPORATION
ACCOUNTS RECEIVABLE DEPT
P.O. BOX 1111
ANYWHERE NC 22222

PROVIDER NUMBER

DATE

11/15/1999

PAYMENT CODE:  ADJUSTMENTS (PRINCIPAL, PENALTY, INTEREST), REFUND, PAYOUT ACTIVITY

<table>
<thead>
<tr>
<th>DAYS</th>
<th>OTHER EXPLANATION</th>
<th>DEDUCTED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FINANCIAL ITEMS:  ADJUSTMENTS (PRINCIPAL, PENALTY, INTEREST), REFUND, PAYOUT ACTIVITY

<table>
<thead>
<tr>
<th>ORIGINAL/ ENDING PROV ID</th>
<th>PROVIDER %</th>
<th>W/H</th>
<th>TRANSFER FROM PRIOR AMOUNT</th>
<th>ADJUSTMENT ICN/</th>
<th>TRANSFER ADJUSTMENT %</th>
<th>W/H</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

RECIPIENT NAME/RECIPIENT ID/DESCRIPTION:

<table>
<thead>
<tr>
<th>AMOUNT</th>
<th>CCN</th>
<th>DATE</th>
<th>TXN</th>
<th>CCN</th>
<th>LESS THAN 100% INDICATOR</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SUB-TOTAL

TOTAL:

NOTE: Underlined items that were expanded in order to become Y2K compliant

TOTAL OF COLUMN C FOR PRINCIPAL, PENALTY, AND INTEREST = TO "WITHHELD AMOUNT" ON CLAIMS PAYMENT SUMMARY PAGE

REMITTANCE AND STATUS REPORT
NORTH CAROLINA MEDICAID

ACCOUNTS ReceivABLE DEPt
NORTH CAROLINA MEDICAID
P.O. BOX 1111
ACCOUNTS RECEIVABLE DEPT
### Provider Number: 323222

**Provider Name:** MEL CORPORATION
**Address:** P O BOX 1111, ANYWHERE NC 22222

---

**REMITTANCE AND STATUS REPORT**

**NORTH CAROLINA MEDICAID**

---

#### PROVIDER ACCOUNTS RECEIVABLE DEPT

---

**DATE: 10/11/1999**

---

**PROVIDER NUMBERS**

<table>
<thead>
<tr>
<th>PROVIDER NUMBERS</th>
<th>DATE</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1115350.00</td>
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</tr>
<tr>
<td>1115350.00</td>
<td>00</td>
<td>00</td>
</tr>
</tbody>
</table>

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**CLAIMS WITHHELD**

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<tr>
<th>NET PAY</th>
<th>IRS WITHHELD</th>
<th>POS &amp; OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000</td>
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<tr>
<td>1000</td>
<td>0</td>
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</table>

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**CURRENT PROCESSED**

<table>
<thead>
<tr>
<th>AMOUNT (*)</th>
<th>AMOUNT (A-B)</th>
<th>AMOUNT (C-D)</th>
<th>AMOUNT (C-F-G-H)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1115350.00</td>
<td>1000</td>
<td>0</td>
<td>1000</td>
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</tbody>
</table>

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**YEAR-TO-DATE TOTAL**

<table>
<thead>
<tr>
<th>AMOUNT</th>
<th>AMOUNT</th>
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<th>AMOUNT</th>
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<td>1115350.00</td>
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<tr>
<td>2000</td>
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</tbody>
</table>

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**1099 INFORMATION**

- PROVIDER TAX ID: 62-1111111
- PROVIDER TAX NAME: MEL CORPORATION
- PAYER ID: ELECTRONIC DATA SYSTEMS CORPORATION, PO BOX 30968 RALEIGH, NC 27622 #75-2548211

---

### Claim Payment Summary

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>8726</td>
<td>SPECIAL NOTE: IF YOUR REMITTANCE ADVICE IS TEN PAGES OR MORE AND YOU ARE DUE A PAPER CHECK FOR CLAIMS REIMBURSEMENT, YOUR CHECK WILL BE MADE IN A SEPARATE ENVELOPE.</td>
</tr>
</tbody>
</table>

---

**NOTE:** Underlined items are fields that were expanded in order to become Y2K compliant.
Transfer of Receivable Example #5

Example #5  The $1500 adjustment initiated on Martin Dove reflects an aged balance of more than 60 days with partial claims payment activity in the last 60 days. As a result, after month end 11/99 interest and penalty cycle assessments the total balance due is transferred to provider number 344444X with the same tax identification data - 62-2222222 - DEB Corporation.

Example #5 – Financial Items Section
Example #5 – Claims Payment Summary
### EXAMPLE 5

**DEB CORPORATION**  
ACCOUNTS RECEIVABLE DEPT  
P O BOX 1111  
ANYWHERE NC 22222

**PROVIDER NUMBER**  
17

**DATE**  
12/13/1999

**PAGE**  
2

---

**PROVIDER**  
Dove Martin

**ORIGINAL AMOUNT**  
225000

**TRANSFER FROM PRIOR**  
200000

**AMOUNT**  
224900

**RECIPIENT NAME**  
Dove Martin

**RECIPIENT ID**  
08/01/1999

**TRANSACTION DATES**  
08/01/1999 - 11/25/1999

**ADJUSTMENTS**

- **NEGATIVE PRINCIPAL**
  - 200000
  - 224900

- **PENALTY**
  - 200000
  - 224900

- **INTEREST**
  - 20600
  - 224900

**SUB-TOTAL**

- **PRINCIPAL**
  - 224900

- **PENALTY**
  - 224900

- **INTEREST**
  - 224900

**TOTAL PPI**

- 224900

---

**NOTE:** Underlined items are fields that were expanded in order to become Y2K compliant.
EXAMPLE 5 SUMMARY

PROVIDER NUMBER 1111

PROVIDER NUMB
R

DATE 12/13/1999

PAGE 3

DAYS OTHER EXPLA-
N ARATION

UNITS CHARGES CODES

CURRENT PROCESSED .00 .00 .00 .00 .00 .00 .00 .00 .00

YEAR-TO-DATE TOTAL 1152.00 250.00 902.00 150.00 752.00 .00 .00 .00 752.00

1099 INFORMATION 1099 - THIS INFORMATION IF BEING FURNISHED TO THE INTERNAL REVENUE SERVICE

PROVIDER TAX ID: 62-2222222 PROVIDER TAX NAME: DEB CORPORATION

PAYER ID: ELECTRONIC DATA SYSTEMS CORPORATION, PO BOX 30968 RALEIGH, NC 27622 #75-2548211

THE FOLLOWING IS A DESCRIPTION OF THE EXPLANATION CODES UTILIZED THROUGHOUT THE REPORT

2249 ADJUSTMENT WRITE-OFF DUE TO TRANSFER OF OUTSTANDING BALANCE NO EFFECT ON CLAIMS PAYMENT SUMMARY ITEMS (COLUMNS A-I)

NOTE: Underlined items are fields that were expanded in order to become Y2K compliant
Continuation-Transfer of Receivable Example #5

The $1500 adjustment initiated on Martin Dove reflects an aged balance of more than 60 days with partial claims payment activity in the last 60 days. As a result, prior to month end 11/99 interest and penalty cycle assessments the balance due is transferred to provider number 899887X with the same tax identification data - 62-2222222 - DEB Corporation.

Example #5A – Financial Items Section
Example #5A – Claims Payment Summary
## Example 5a

**DEB CORPORATION**

**ACCOUNTS RECEIVABLE DEPT**

**P O BOX 1111**

**ANYWHERE NC 22222**

### Example 5a: Financial Items

**Provider Number:** 344444X

**Report SD Number:** 77

**Date:** 12/13/1999

### Financial Items: Adjustments (Principal, Penalty, Interest), Refund, Payout Activity

<table>
<thead>
<tr>
<th>Provider Name</th>
<th>From/To Dates</th>
<th>Original/Ending Balance</th>
<th>Adjusted Balance</th>
<th>Transfer Amount</th>
<th>Adjusted % W/H</th>
<th>Transfer % W/H</th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
<td></td>
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<td>20000</td>
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<td>20000</td>
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<tr>
<td></td>
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</tr>
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</table>

**Sub-Total:** 20000

### Financial Items: Negative Principal

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<tr>
<th>Provider Name</th>
<th>From/To Dates</th>
<th>Original/Ending Balance</th>
<th>Adjusted Balance</th>
<th>Transfer Amount</th>
<th>Adjusted % W/H</th>
<th>Transfer % W/H</th>
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</thead>
<tbody>
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<td>10/01/1999</td>
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<tr>
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</tr>
<tr>
<td></td>
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</table>

**Sub-Total:** 20000

### Financial Items: Negative Penalty

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<tr>
<th>Provider Name</th>
<th>From/To Dates</th>
<th>Original/Ending Balance</th>
<th>Adjusted Balance</th>
<th>Transfer Amount</th>
<th>Adjusted % W/H</th>
<th>Transfer % W/H</th>
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</thead>
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**Sub-Total:** 20000

### Financial Items: Interest

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<th>Original/Ending Balance</th>
<th>Adjusted Balance</th>
<th>Transfer Amount</th>
<th>Adjusted % W/H</th>
<th>Transfer % W/H</th>
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</thead>
<tbody>
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**Sub-Total:** 20000

### Financial Items: Total PPI

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<th>Transfer % W/H</th>
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</thead>
<tbody>
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<tr>
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<td>20000</td>
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<td>100</td>
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<tr>
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<td>08/01/1999</td>
<td>20000</td>
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</table>

**Sub-Total:** 20000

**Total PPI:** 222000

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**Note:** Underlined items are fields that were expanded in order to become Y2K compliant.
CLAIMS PAYMENT SUMMARY

NOTE: Underlined items are fields that were expanded in order to become Y2K compliant.

Special Note: If your Remittance Advice is ten pages or more and you are due a paper check for claims reimbursement, you will receive a check in a separate envelope.

Please verify the following identification numbers that have been assigned to you. If any of the numbers are incorrect, please send corrections to:

EDS
PO Box 30968
Raleigh, North Carolina 27622

CLIA - NONE ASSIGNED
UPIN - NONE ASSIGNED

The following is a description of the explanation codes utilized throughout the report:

2243 TRANSFER OF PRINCIPAL FROM SYSTEM ADJUSTMENT TO ACTIVE PROVIDER WITH SAME TAX I.D. ORIGINAL PROVIDER IS NO LONGER ACTIVE
2245 TRANSFER OF PENALTY FROM SYSTEM ADJUSTMENT TO ACTIVE PROVIDER WITH SAME TAX I.D. ORIGINAL PROVIDER IS NO LONGER ACTIVE
2247 TRANSFER OF INTEREST FROM SYSTEM ADJUSTMENT TO ACTIVE PROVIDER WITH SAME TAX I.D. ORIGINAL PROVIDER IS NO LONGER ACTIVE

Current Processed 11555.00  2220.60  9334.40 .00  9334.40 .00 .00 .00  9334.40
Year-To-Date Total  98200.00  4800.00  93400.00 .00  93400.00 .00 .00 .00  93400.00

1099 INFORMATION

1099 - This information if being furnished to the Internal Revenue Service

Provider Tax ID: 62-2222222
Provider Tax Name: DEB CORPORATION
Payer ID: ELECTRONIC DATA SYSTEMS CORPORATION, PO BOX 30968 RALEIGH, NC 27622 #75-2548211

The following is a description of the explanation codes utilized throughout the report:

CLAIMS WITHHELD NET PAY CREDIT IRS WITHHELD POS & OTHER
PAID MOUNT(*) AMOUNT AMOUNT EDI W/H (A-B) (C-D) (C-F-G-H) (I)
CLAIMS PAID WITHDRAWN ADJUSTED NET 1099 NON ALLOWED TOTAL ALLOWED PAYABLE CUTBACK CHARGE

Call Accounts Receivable Dept
DEB CORPORATION
ACCOUNTS RECEIVABLE DEPT
P O BOX 111
ANYWHERE NC 22222

292522
344444X
REPORT SEQ. NUMBER

NOTE: Underlined items are fields that were expanded in order to become Y2K compliant.

Remittance and Status Report
North Carolina Medicaid
Section IV. Tape RA – Data Accumulation Changes Only

For all providers receiving tape RAs, file layout changes were NOT necessary as a result of the above changes. However, we do want to take this opportunity to explain the definition of certain financial fields to assist further in the payment reconciliation process as noted below:

- **Financial Item Record**
  - **Applied Amount (Position in Record 124-132/Length 9):** After 10/1/99 this field will accumulate the data related to all payments applied to satisfy an outstanding balance as well as any adjustments/write-offs applied to satisfy outstanding balance amounts.

- **Provider Balancing Record**
  - **Total IRS Withheld Amount (Position in Record 100-110/Length 11):** After 10/1/99 this field will accumulate the data related to all amounts withheld for IRS and other purposes, such as IRS and/or NC Department of Revenue tax levies.
Section V. Year 2000 Medicaid Remittance and Status Report (RA) Changes

In addition to all the modifications made in the Financial Items and Claims Payment Sections of the RA, all dates and data elements will be expanded to comply with Year 2000 requirements. The current format of all RA date fields is MM/DD/YY (10/01/99). Effective 10/1/1999, all dates on the RA will be modified and reflected as MM/DD/CCYY, 10/11/1999. RA data elements currently reflect the last 2 digits of the year only, such as, the claim number assigned to each claim - 259936555501. Effective 10/01/1999, the claim number data element will be expanded and reflected as 25199936555501 and all other data elements will be modified accordingly.
**Y2KCompliant Dates – Claims Section of RA – Example #6**

Example #6  Claim section of the RA reflecting Y2K compliant dates. Dates and internal control numbers affected are underlined for easier identification.
### NORTH CAROLINA MEDICAID

#### REMITTANCE AND STATUS REPORT

**XYZ CONVALESCENT CENTER**

**ACCOUNTS RECEIVABLE DEPT**

**P O BOX 1111**

**ANYWHERE NC 22222**

---

### Claims Information

<table>
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<tr>
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<th>Paid Amount</th>
<th>Non-Allowed Charges</th>
<th>Allowed Charges</th>
<th>Other Charges</th>
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<th>Total Paid</th>
<th>Totalนะคะ</th>
<th>Cutback Charges</th>
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</table>

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**NOTE:** Underlined items are fields that were expanded in order to become Y2K compliant.
Y2K Compliant Dates – Adjustment Section of RA – Example #7

Example #7  Adjustment section of the RA reflecting Y2K compliant dates. Dates and internal control numbers affected are underlined for easier identification.
### Example 7

**XYZ CONVALESCENT CENTER**  
**ACCOUNTS RECEIVABLE DEPT**  
**P.O. BOX 1111**  
**ANYWHERE, NC 22222**

**Provider Number:** 123456789

**Date:** 07/06/1999

**Page:** 2

**Days Ordered:**

**Deductible:**

**Uninsured Liability:**

**Co-Pay:**

**Total Allowed:**

**Total Paid:**

**Credit:**

**Amount:**

**Recipient:**

**From:**

**To:**

**Notes:**

Underlined items are fields that were expanded in order to become Y2K compliant.

---

**Adjusted Claims**

<table>
<thead>
<tr>
<th>Code</th>
<th>Non-Allowable</th>
<th>Other Charge</th>
<th>Payable</th>
<th>Allowable</th>
<th>Non-Allowable</th>
<th>Total Allowed</th>
<th>Total Paid</th>
<th>Total Credit</th>
<th>Total Cutback</th>
<th>Total Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>12550</td>
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</tr>
</tbody>
</table>

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**Remittance and Status Report**

**North Carolina Medicaid**  
**XYZ CONVAILABLE CENTER**

**Provider Number:** 789999

**Date:** 07/06/1999

**Page:** 7
## Section VI. Explanation of Benefit (EOB) Descriptions

<table>
<thead>
<tr>
<th>Financial EOB #</th>
<th>EOB MESSAGE (as displayed on RA)</th>
<th>ACTION / DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>111</td>
<td>Settlement amount added to claims payment due to state authorized payout</td>
<td>Payment by DMA to reimburse provider under unusual circumstances. The payment amount is added to claims paid amount.</td>
</tr>
<tr>
<td>112</td>
<td>Check amount reduced by recoupment amount</td>
<td>Claims payment reduced by amounts applied to outstanding balances due (principal only).</td>
</tr>
<tr>
<td>113</td>
<td>Refund amount applied and 1099 credited for returned Medicaid payments</td>
<td>Monies returned by the provider to the Medicaid program and processed in Medicaid system. Since funds are returned the amount of the annual 1099 is reduced to provide the appropriate credit to the provider.</td>
</tr>
<tr>
<td>2242</td>
<td>Refund applied to outstanding principal, penalty, and interest balances (refer to write-off EOB). 1099 credited for return of Medicaid payments.</td>
<td>Provider refund received and dispositioned, resulting in reduction of outstanding principal, penalty, and interest and also in the provider’s 1099 IRS amount.</td>
</tr>
<tr>
<td>2243</td>
<td>Transfer of principal system adjustment to active provider with same tax i.d. original provider is no longer active.</td>
<td>Outstanding balance transferred to this provider number. Originally assessed provider number has the same tax identification number as this facility, but is no longer an active Medicaid provider.</td>
</tr>
<tr>
<td>2244</td>
<td>Transfer of manual system adjustment to active provider with same tax I.D. original provider is no longer active.</td>
<td>Outstanding balance transferred to this provider number. Originally assessed provider number has the same tax identification number as this facility, but is no longer an active Medicaid provider.</td>
</tr>
<tr>
<td>2245</td>
<td>Transfer of penalty from system adjustment to active provider with same tax I.D. original provider is no longer active.</td>
<td>Outstanding penalty balance transferred to this provider number. Originally assessed provider number has the same tax identification number as this facility, but is no longer an active Medicaid provider.</td>
</tr>
<tr>
<td>2246</td>
<td>Transfer of penalty from manual adjustment to active provider with same tax I.D. original provider is no longer active.</td>
<td>Outstanding penalty balance transferred to this provider number. Originally assessed provider number has the same tax identification number as this facility, but is no longer an active Medicaid provider.</td>
</tr>
<tr>
<td>2247</td>
<td>Transfer of interest from system adjustment to active provider with same tax I.D. original provider is no longer active.</td>
<td>Outstanding interest balance transferred to this provider number. Originally assessed provider number has the same tax identification number as this facility, but is no longer an active Medicaid provider.</td>
</tr>
<tr>
<td>Code</td>
<td>Description</td>
<td>Details</td>
</tr>
<tr>
<td>-------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>2248</td>
<td>Transfer of interest from manual adjustment to active provider with same tax I.D. original provider is no longer active.</td>
<td>Outstanding interest balance transferred to this provider number. Originally assessed provider number has the same tax identification number as this facility, but is no longer an active Medicaid provider.</td>
</tr>
<tr>
<td>2249</td>
<td>Adjustment write-off due to transfer of outstanding balance. No effect on claims payment summary items(columns a-i)</td>
<td>Transfer initiated via this write-off transaction to an active provider with the same tax identification number of the inactive, originally assess provider. Collection of monies due to Medicaid deemed uncollectable under the original provider number.</td>
</tr>
<tr>
<td>2250</td>
<td>Adjustment write-off generated due to provider refund. No effect on claims payment summary items(columns a-i)</td>
<td>Provider refunded monies due back to Medicaid program to satisfying outstanding principal, penalty, and interest receivable balances. Claim activity not adequate to satisfy balances.</td>
</tr>
<tr>
<td>2251</td>
<td>Adjustment write-off to reverse penalty assessments generated.</td>
<td>Adjustment write-off due generated for the following: provider refund - the date of receipt of refund was prior to the 31 day required timeframe for the assessment of penalty and interest. However, the month-end assessment of penalty and interest was processed prior to system disposition of refund. To rectify the timing issue between assessment and refund disposition, penalty and interest are written-off.</td>
</tr>
<tr>
<td>2252</td>
<td>Adjustment write-off to reverse interest assessments generated.</td>
<td>Adjustment write-off due generated for the following: provider refund - the date of receipt of refund was prior to the 31 day required timeframe for the assessment of penalty and interest. However, the month-end assessment of penalty and interest was processed prior to system disposition of refund. To rectify the timing issue between assessment and refund disposition, penalty and interest are written-off.</td>
</tr>
<tr>
<td>2253</td>
<td>Adjustment bad-debt write-off. No effect on claims payment summary items(columns a-i).</td>
<td>Write-off due to maximum aging of adjustment. Responsibility for collection of dollars due has been transferred to the division of medical assistance.</td>
</tr>
<tr>
<td>2254</td>
<td>One-time penalty adjustment assessed systematically. Assessment of 10% for aged (&gt;30 days) balance due(principal only).</td>
<td>One-time penalty assessment on a system adjustment outstanding greater than thirty days old. Penalty is assessed on principal adjustment balance at a rate of 10% according to nc state statute.</td>
</tr>
<tr>
<td>2255</td>
<td>One-time penalty adjustment assessed manually. Assessment of 10% for aged (&gt;30 days) balance due (principal only).</td>
<td>One-time penalty assessment on a manual adjustment outstanding greater than thirty days old. Penalty is assessed on principal adjustment balance at a rate of 10% according to nc state statute.</td>
</tr>
<tr>
<td>2256</td>
<td>Interest assessment systematically on adjustment of 8% annually for aged (.30 days) balance due (principal penalty &amp; interest)</td>
<td>Monthly interest assessed on system adjustment outstanding greater than thirty days. Interest is compounded annually at a rate of 8% and assessed on the cumulative balance of principal, penalty, and interest at month-end according to nc state statute until balance due is satisfied in full.</td>
</tr>
<tr>
<td>2257</td>
<td>Interest assessment manually on adjustment of 8% annually for aged (30 days) balance due (principal penalty &amp; interest)</td>
<td>Monthly interest assessed on manual adjustment outstanding greater than thirty days. Interest is compounded annually at a rate of 8% and assessed on the cumulative balance of principal, penalty, and interest at month-end according to nc state statute until balance due is satisfied in full.</td>
</tr>
<tr>
<td>2258</td>
<td>Claims dollars applied to outstanding penalty adjustment balance</td>
<td>Provider has an outstanding penalty adjustment balance coming into this checkwrite. The provider had claims to pay this checkwrite which were in turn applied to the outstanding debt/adjustment.</td>
</tr>
<tr>
<td>2259</td>
<td>Claims dollars applied to outstanding penalty adjustment balance-satisfying 100% of adjustment.</td>
<td>Provider has an outstanding penalty adjustment balance brought forward from last checkwrite and claims paid this checkwrite satisfy the debt/adjustment 100%.</td>
</tr>
<tr>
<td>2260</td>
<td>Claims dollars applied to outstanding interest adjustment balance</td>
<td>Provider has an outstanding interest adjustment balance coming into this checkwrite. The provider had claims to pay this checkwrite which were in turn applied to the outstanding debt/adjustment.</td>
</tr>
<tr>
<td>2261</td>
<td>Claims dollars applied to outstanding interest adjustment balance-satisfying 100% of adjustment.</td>
<td>Provider has an outstanding interest adjustment balance brought forward from last checkwrite and claims paid this checkwrite satisfy the debt/adjustment 100%.</td>
</tr>
<tr>
<td>2262</td>
<td>Penalty payout</td>
<td>Payout of penalty dollars previously withheld. Amount added to paid claims amount”. Circumstances/situations resulting in payouts: • Reversals of penalty/interest • Duplicate refund • Provider refund in excess of original payment.</td>
</tr>
<tr>
<td>2263</td>
<td>Interest payout</td>
<td>Payout of interest adjustment dollars previously withheld. Amount added to “paid claims amount”. Circumstances/situations resulting in payouts: • Reversals of penalty/interest • Duplicate refund • Provider refund in excess of original payment.</td>
</tr>
</tbody>
</table>
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