M+C organization for Medicare beneficiaries enrolled in the sanctioned M+C plan during the sanction period; and

(3) Require the M+C organization to suspend all marketing activities for the sanctioned M+C plan to Medicare enrollees.

(d) Effective date and duration of sanctions—

(1) Effective date. Except as provided in paragraph (d)(2) of this section, a sanction is effective 15 days after the date that the organization is notified of the decision to impose the sanction or, if the M+C organization timely seeks reconsideration under paragraph (b) of this section, on the date specified in the notice of HCFA's reconsidered determination.

(2) Exception. If HCFA determines that the M+C organization's conduct poses a serious threat to an enrollee's health and safety, HCFA may make the sanction effective on a date before issuance of HCFA's reconsidered determination.

(3) Duration of sanction. The sanction remains in effect until HCFA notifies the M+C organization that HCFA is satisfied that the basis for imposing the sanction has been corrected and is not likely to recur.

(e) Termination by HCFA. In addition to or as an alternative to the sanctions described in paragraph (c) of this section, HCFA may decline to authorize the renewal of an organization's contract in accordance with §422.506(b)(2) and (b)(3), or terminate the contract in accordance with §422.510.

(f) Civil money penalties. (1) If HCFA determines that an M+C organization has committed an act or failed to comply with a requirement described in §422.752, HCFA notifies the OIG of this determination, and also notifies OIG when HCFA reverses or terminates a sanction imposed under this part.

(2) In the case of a violation described in paragraph (a) of §422.752, or a determination under paragraph (b) of §422.752 based upon a violation under §422.510(a)(4) (involving fraudulent or abusive activities), in accordance with the provisions of 42 CFR parts 1003 and 1005, HCFA may impose civil money penalties on the M+C organization in the amounts specified in §422.758 in addition to, or in place of, the sanctions that HCFA may impose under paragraph (c) of this section.

(3) In the case of a determination under paragraph (b) of §422.752 other than a determination based upon a violation under §422.510(a)(4), in accordance with the provisions of 42 CFR parts 1003 and 1005, HCFA may impose civil money penalties on the M+C organization in the amounts specified in §422.758 in addition to, or in place of, the sanctions that HCFA may impose under paragraph (c) of this section.

§422.758 Maximum amount of civil money penalties imposed by HCFA.

If HCFA makes a determination under §422.752(b), based on any determination under §422.510(a) except a determination under §422.510(a)(4), HCFA may impose civil money penalties in the following amounts:

(a) If the deficiency on which the determination is based has directly adversely affected (or has the substantial likelihood of adversely affecting) one or more M+C enrollees—$25,000 for each determination.

(b) For each week that a deficiency remains uncorrected after the week in which the M+C organization receives HCFA's notice of the determination—$10,000.

§422.760 Other applicable provisions.

The provisions of section 1128A of the Act (except subsections (a) and (b)) apply to civil money penalties under this part to the same extent that they apply to a civil money penalty or procedure under section 1128A of the Act.

PART 424—CONDITIONS FOR MEDICARE PAYMENT

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§ 424.5 Basic conditions.

(a) As a basis for Medicare payment, the following conditions must be met:

(1) Types of services. The services must be—

(i) Covered services, as specified in part 409 or part 410 of this chapter; or

(ii) Services excluded from coverage as custodial care or services not reasonable and necessary, but reimbursable in accordance with §§ 405.332 through 405.334 of this chapter, pertaining to limitation of liability.

(2) Sources of services. The services must have been furnished by a provider, nonparticipating hospital, or supplier that was, at the time it furnished the services, qualified to have payment made for them.

(3) Recipient of services. Except as provided in §409.68 of this chapter, the services must have been furnished while the individual was eligible to have payment made for them. (Section 409.68 provides for payment of inpatient hospital services furnished before the hospital is notified that the beneficiary

Authority: Secs. 1102 and 1871 of the Social Security Act (42 U.S.C. 1302 and 1395hh).

Source: 53 FR 6634, Mar. 2, 1988, unless otherwise noted.

Subpart A—General Provisions

§ 424.1 Basis and scope.

(a) Statutory basis. (1) This part is based on the indicated provisions of the following sections of the Act:

1814—Basic conditions for, and limitations on, Medicare payments for Part A services.

1815—Payment to providers for Part A services.

1820—Conditions for designating certain hospitals as critical access hospitals.

1835—Procedures for payment to providers for Part B services.


1842(b)(6)—Payment to entities other than the supplier.

1848—Payment for physician services.

1870(e) and (f)—Settlement of claims after death of the beneficiary.

(2) Section 424.444(c) is also based on section 216(j) of the Act.

(b) Scope. This part sets forth certain specific conditions and limitations applicable to Medicare payments and cites other conditions and limitations set forth elsewhere in this chapter. This subpart A provides a general overview. Other subparts deal specifically with—

(1) The requirement that the need for services be certified and that a physician establish a plan of treatment (subpart B);

(2) The procedures and time limits for filing claims (subpart C);

(3) The individuals or entities to whom payment may be made (subparts D and E);

(4) The limitations on assignment and reassignment of claims (subpart F);

(5) Special requirements that apply to services furnished by nonparticipating U.S. hospitals and foreign hospitals (subparts G and H); and

(6) The replacement and reclamation of Medicare payment checks (subpart M).

(c) Other applicable rules. Except for §424.40(c)(3), this part does not deal with the conditions for payment of rural health clinic (RHC) services. Federally qualified health center (FQHC) services, or ambulatory surgical center (ASC) services. Those conditions are set forth in part 405, subpart X, and part 481 subpart A of this chapter for RHC and FQHC services; and in part 416 of this chapter, for ASC services. The rules for physician certification of terminal illness, required in connection with hospice care, are set forth in §418.22 of this chapter.


§ 424.3 Definitions.

As used in this part, unless the context indicates otherwise—

HCPCS means HCFA Common Procedure Coding System.


Nonparticipating hospital means a hospital that does not have in effect a provider agreement to participate in Medicare.

Participating hospital means a hospital that has in effect a provider agreement to participate in Medicare.


§ 424.5 Basic conditions.

(a) As a basis for Medicare payment, the following conditions must be met:

(1) Types of services. The services must be—

(i) Covered services, as specified in part 409 or part 410 of this chapter; or

(ii) Services excluded from coverage as custodial care or services not reasonable and necessary, but reimbursable in accordance with §§405.332 through 405.334 of this chapter, pertaining to limitation of liability.

(2) Sources of services. The services must have been furnished by a provider, nonparticipating hospital, or supplier that was, at the time it furnished the services, qualified to have payment made for them.

(3) Recipient of services. Except as provided in §409.68 of this chapter, the services must have been furnished while the individual was eligible to have payment made for them. (Section 409.68 provides for payment of inpatient hospital services furnished before the hospital is notified that the beneficiary
§ 424.7 General limitations.

(a) Utilization review finding on medical necessity. When a PRO or a UR committee notifies a hospital or SNF of its finding that further services are not medically necessary, the following rules apply:

(1) Hospitals subject to PPS. Payment may not be made for inpatient hospital services furnished by a PPS hospital after the second day after the day on which the hospital received the notice.

(2) Hospitals not subject to PPS and SNFs—(i) Basic rule. Except as provided in paragraph (a)(2)(ii) of this section, payment may not be made for inpatient hospital services or posthospital SNF care furnished after the day on which the hospital or SNF received the notice.

(ii) Exception. Payment may be made for 1 or 2 additional days if the PRO or UR committee approves them as necessary for planning for post-discharge care.

(b) Failure to make timely utilization review. Payment may not be made for inpatient hospital services or posthospital SNF care furnished, after the 20th consecutive day of a stay, to an individual who is admitted to the hospital or SNF after HCFA has determined that the hospital or SNF has failed to make timely utilization review in long stay cases. (This provision does not apply to a hospital or SNF for which a PRO has assumed binding review.)

§ 424.10 Purpose and scope.

(a) Purpose. The physician has a major role in determining utilization of health services furnished by providers. The physician decides upon admissions, orders tests, drugs, and treatments, and determines the length of stay. Accordingly, sections 1814(a)(2) and 1835(a)(2) of the Act establish as a condition for Medicare payment that a physician certify the necessity of the services and, in some instances, recertify the continued need for those services.

Section 1814(a)(2) of the Act also permits nurse practitioners or clinical nurse specialists to certify and recertify the need for post-hospital extended care services.

(b) Scope. This subpart sets forth the timing, content, and signature requirements for certification and recertification with respect to certain Medicare services furnished by providers.

§ 424.11 General procedures.

(a) Responsibility of the provider. The provider must—

(1) Obtain the required certification and recertification statements;

(2) Keep them on file for verification by the intermediary, if necessary; and

(3) Certify, on the appropriate billing form, that the statements have been obtained and are on file.

(b) Obtaining the certification and recertification statements. No specific procedures or forms are required for certification and recertification statements. The provider may adopt any method that permits verification. The certification and recertification statements may be entered on forms, notes, or records that the appropriate individual signs, or on a special separate statement.
§ 424.13 Requirements for inpatient services of hospitals other than psychiatric hospitals.

(a) Content of certification and recertification. Medicare Part A pays for inpatient hospital services of hospitals

(i) Be a registered professional nurse who is currently licensed to practice nursing in the State where he or she practices; be authorized to perform the services of a nurse practitioner in accordance with State law; and have a master's degree in nursing;

(ii) Be certified as a nurse practitioner by a professional association recognized by HCFA that has, at a minimum, eligibility requirements that meet the standards in paragraph (e)(5)(i) of this section; or

(iii) Meet the requirements for a nurse practitioner set forth in paragraph (e)(5)(i) of this section, except for the master's degree requirement, and have received before August 25, 1998 a certificate of completion from a formal advanced practice program that prepares registered nurses to perform an expanded role in the delivery of primary care.

(b) For purposes of this section, qualify as a clinical nurse specialist, an individual must—

(i) Be a registered professional nurse who is currently licensed to practice nursing in the State where he or she practices; be authorized to perform the services of a clinical nurse specialist in accordance with State law; and have a master's degree in a defined clinical area of nursing;

(ii) Be certified as a clinical nurse specialist by a professional association recognized by HCFA that has at a minimum, eligibility requirements that meet the standards in paragraph (e)(6)(i) of this section; or

(iii) Meet the requirements for a clinical nurse specialist set forth in paragraph (e)(6)(i) of this section, except for the master's degree requirement, and have received before August 25, 1998 a certificate of completion from a formal advanced practice program that prepares registered nurses to perform an expanded role in the delivery of primary care.

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other than psychiatric hospitals only if a physician certifies and recertifies the following:

(1) The reasons for either—
   (i) Continued hospitalization of the patient for medical treatment or medically required inpatient diagnostic study; or
   (ii) Special or unusual services for cost outlier cases (under the prospective payment system set forth in subpart F of part 412 of this chapter).

(2) The estimated time the patient will need to remain in the hospital.

(3) The plans for posthospital care, if appropriate.

(b) Certification of need for hospitalization when a SNF bed is not available.

(1) A physician may certify or recertify need for continued hospitalization if the physician finds that the patient could receive proper treatment in a SNF but no bed is available in a participating SNF.

(2) If this is the basis for the physician's certification or recertification, the required statement must so indicate; and the physician is expected to continue efforts to place the patient in a participating SNF as soon as a bed becomes available.

(c) Signatures. (1) Basic rule. Except as specified in paragraph (c)(2) of this section, certifications and recertifications must be signed by the physician responsible for the case, or by another physician who has knowledge of the case and who is authorized to do so by the responsible physician or by the hospital's medical staff.

(2) Exception. If the intermediary requests certification of the need to admit a patient in connection with dental procedures, because his or her underlying medical condition and clinical status or the severity of the dental procedures require hospitalization, that certification may be signed by the dentist caring for the patient.

(d) Timing of certifications and recertifications: Cases not subject to the prospective payment system (PPS). (1) For cases that are not subject to PPS, certification is required no later than as of the 12th day of hospitalization.

(2) The first recertification is required no later than as of the 18th day of hospitalization.

(3) Subsequent recertifications are required at intervals established by the UR committee (on a case-by-case basis if it so chooses), but no less frequently than every 30 days.

(e) Timing of certification and recertification: Cases subject to PPS. For cases subject to PPS, certification is required as follows:

(1) For day-outlier cases, certification is required no later than one day after the hospital reasonably assumes that the case meets the outlier criteria, established in accordance with §412.80(a)(1)(i) of this chapter, or no later than 20 days into the hospital stay, whichever is earlier. The first and subsequent recertifications are required at intervals established by the UR committee (on a case-by-case basis if it so chooses) but not less frequently than every 30 days.

(2) For cost-outlier cases, certification is required no later than the date on which the hospital requests cost outlier payment or 20 days into the hospital stay, whichever is earlier. If possible, certification must be made before the hospital incurs costs for which it will seek cost outlier payment. In cost outlier cases, the first and subsequent recertifications are required at intervals established by the UR committee (on a case-by-case basis if it so chooses).

(f) Recertification requirement fulfilled by utilization review. (1) At the hospital's option, extended stay review by its UR committee may take the place of the second and subsequent physician recertifications required for cases not subject to PPS and for PPS day-outlier cases.

(2) A utilization review that is used to fulfill the recertification requirement is considered timely if performed no later than the seventh day after the day the physician recertification would have been required. The next physician recertification would need to be made no later than the 30th day following such review; if review by the UR committee took the place of this physician recertification, the review could be
performed as late as the seventh day following the 30th day.

(g) Description of procedures. The hospital must have available on file a written description that specifies the time schedule for certifications and recertifications, and indicates whether utilization review of long-stay cases fulfills the requirement for second and subsequent recertifications of all cases not subject to PPS and of PPS day outlier cases.

§ 424.14 Requirements for inpatient services of psychiatric hospitals.

(a) Content of certification and recertification: General considerations. The content requirements differ from those for other hospitals because the care furnished in psychiatric hospitals is often purely custodial and thus not covered under Medicare. The purpose of the statements, therefore, is to help ensure that Medicare pays only for inpatient care in psychiatric hospitals only if a physician certifies that the individual may reasonably be expected to be discharged or transferred to a hospital within 96 hours after admission to the CAH.

(b) Content of certification. Inpatient psychiatric services were required—

(1) For treatment that could reasonably be expected to improve the patient's condition; or

(2) For diagnostic study.

(c) Content of recertification. Inpatient services furnished since the previous certification or recertification were, and continue to be, required—

(i) For treatment that could reasonably be expected to improve the patient's condition; or

(ii) For diagnostic study; and

(2) The hospital records show that the services furnished were—

(i) Intensive treatment services;

(ii) Admission and related services necessary for diagnostic study; or

(iii) Equivalent services.

(d) Timing of certification and recertification. (1) Certification is required at the time of admission or as soon thereafter as is reasonable and practicable.

(2) The first recertification is required as of the 18th day of hospitalization. Subsequent recertifications are required at intervals established by the UR committee (on a case-by-case basis if it so chooses), but no less frequently than every 30 days.

§ 424.15 Requirements for inpatient CAH services.

(a) Content of certification. Medicare Part A pays for inpatient CAH services only if a physician certifies that the individual may reasonably be expected to be discharged or transferred to a hospital within 96 hours after admission to the CAH.

(b) Timing of certification. Certification is required no later than 1 day before the date on which the claim for payment for the inpatient CAH services is submitted.

§ 424.16 Timing of certification for individual admitted to a hospital before entitlement to Medicare benefits.

(a) Basic rule. If an individual is admitted to a hospital before becoming entitled to Medicare benefits (for instance, before attaining age 65), the day of entitlement (instead of the day of admission) is the starting point for the time limits specified in §424.13(e) for certification and recertification.

(b) Example. (Hospital that is not a psychiatric hospital and is not subject to PPS). For a patient who is admitted on August 15 and becomes entitled on September 1—

(1) The certification is required no later than September 12;

(2) The first recertification is required no later than September 18; and

(3) Subsequent recertifications are required at least every 30 days after September 18.

§ 424.20 Requirements for posthospital SNF care.

Medicare Part A pays for posthospital SNF care furnished by an SNF, or a hospital or CAH with a
swing-bed approval, only if the certification and recertification for services are consistent with the content of paragraph (a) or (c) of this section, as appropriate.

(a) Content of certification—(1) General requirements. Posthospital SNF care is or was required because—
   (i) The individual needs or needed on a daily basis skilled nursing care (furnished directly by or requiring the supervision of skilled nursing personnel) or other skilled rehabilitation services that, as a practical matter, can only be provided in an SNF or a swing-bed hospital on an inpatient basis, and the SNF care is or was needed for a condition for which the individual received inpatient care in a participating hospital or a qualified hospital, as defined in §409.3 of this chapter; or
   (ii) The individual has been correctly assigned to one of the Resource Utilization Groups designated as representing the required level of care, as provided in §409.30 of this chapter.

   (2) Special requirement: A swing-bed hospital with more than 49 beds (but fewer than 100) that does not transfer a swing-bed patient to a SNF within 5 days of the availability date. Transfer of the extended care patient to the SNF is not medically appropriate.

(b) Timing of certification. (1) General rule. The certification must be obtained at the time of admission or as soon thereafter as is reasonable and practicable.

   (2) Special rules for certain swing-bed hospitals. For swing-bed hospitals with more than 49 beds that are approved after March 31, 1988, the extended care patient’s physician has 5 days (excluding weekends and holidays) beginning on the availability date as defined in §413.114(b), to certify that the transfer of the extended care patient to the SNF is not medically appropriate.

(c) Content of recertifications. (1) The reasons for the continued need for posthospital SNF care;

   (2) The estimated time the individual will need to remain in the SNF;

   (3) Plans for home care, if any; and

   (4) If appropriate, the fact that continued services are needed for a condition that arose after admission to the SNF and while the individual was still under treatment for the condition for which he or she had received inpatient hospital services.

(d) Timing of recertifications. (1) The first recertification is required no later than the 14th day of posthospital SNF care.

   (2) Subsequent recertifications are required at least every 30 days after the first recertification.

(e) Signature. Certification and recertification statements may be signed by—

   (1) The physician responsible for the case or, with his or her authorization, by a physician on the SNF staff or a physician who is available in case of an emergency and has knowledge of the case; or

   (2) A nurse practitioner or clinical nurse specialist, neither of whom has a direct or indirect employment relationship with the facility but who is working in collaboration with a physician. For purposes of this section, collaboration means a process whereby a nurse practitioner or clinical nurse specialist works with a doctor of medicine or osteopathy to deliver health care services. The services are delivered within the scope of the nurse’s professional expertise, with medical direction and appropriate supervision as provided for in guidelines jointly developed by the nurse and the physician or other mechanisms defined by Federal regulations and the law of the State in which the services are performed.

(f) Recertification requirement fulfilled by utilization review. A SNF may substitute utilization review of extended stay cases for the second and subsequent recertifications, if it includes this procedure in its utilization review plan.

(g) Description of procedures. The SNF must have available on file a written description that specifies the certification and recertification time schedule and indicates whether utilization review is used as an alternative to the second and subsequent recertifications.

§ 424.22 Requirements for home health services.

Medicare Part A or Part B pays for home health services only if a physician certifies and recertifies the content specified in paragraphs (a)(1) and (b)(2) of this section, as appropriate.

(a) Certification—(1) Content of certification. As a condition for payment of home health services under Medicare Part A or Medicare Part B, a physician must certify as follows:

(i) The individual needs or needed intermittent skilled nursing care, or physical or speech therapy, or (for the period from July through November 30, 1981) occupational therapy.

(ii) Home health services were required because the individual was confined to the home except when receiving outpatient services.

(iii) A plan for furnishing the services has been established and is periodically reviewed by a physician who is a doctor of medicine, osteopathy, or podiatric medicine, and who is not precluded from performing this function under paragraph (d) of this section. (A doctor of podiatric medicine may perform only plan of treatment functions that are consistent with the functions he or she is authorized to perform under State law.)

(iv) The services were furnished while the individual was under the care of a physician who is a doctor of medicine, osteopathy, or podiatric medicine.

(2) Timing and signature. The certification of need for home health services must be obtained at the time the plan of treatment is established or as soon thereafter as possible and must be signed by the physician who establishes the plan.

(b) Recertification. (1) Timing and signature of recertification. Recertification is required at least every 60 days, preferably at the time the plan is reviewed, and must be signed by the physician who reviews the plan of care. The recertification is required at least every 60 days when there is a—

(i) Beneficiary elected transfer; or

(ii) Discharge and return to the same HHA during the 60-day episode.

(2) Content and basis of recertification. The recertification statement must indicate the continuing need for services and estimate how much longer the services will be required. Need for occupational therapy may be the basis for continuing services that were initiated because the individual needed skilled nursing care or physical or speech therapy.

(c) [Reserved]

(d) Limitations on the performance of certification and plan of treatment functions. (1) Basic rule. Beginning November 26, 1982, and except as provided in paragraph (e) of this section, need for home health services to be provided by an HHA may not be certified or recertified, and a plan of treatment may not be established and reviewed, by any physician who has a significant ownership interest in, or a significant financial or contractual relationship with, that HHA.

(2) Significant ownership interest. A physician is considered to have a significant ownership interest in an HHA if he or she—

(i) Has a direct or indirect ownership interest of 5 percent or more in the capital, the stock, or the profits of the home health agency; or

(ii) Has an ownership interest of 5 percent or more in any mortgage, deed of trust, note, or other obligation that is secured by the agency, if that interest equals 5 percent or more of the agency's assets.

(3) Significant financial or contractual relationship. Beginning November 26, 1982, a physician is considered to have a significant financial or contractual relationship with an HHA if he or she—

(i) Receives any compensation as an officer or director of the HHA; or

(ii) Has direct or indirect business transactions with the HHA that, in any fiscal year, amount to more than $25,000 or 5 percent of the agency's total operating expenses, whichever is less. Business transactions means contracts, agreements, purchase orders, or leases to obtain services, supplies, equipment, and space and, after August 29, 1986, salaried employment.

\footnote{1As a condition of Medicare Part A payment for home health services furnished before July 1981, the physician was also required to certify that the services were needed for a condition for which the individual had received inpatient hospital or SNF services.}
§ 424.24 Requirements for medical and other health services furnished by providers under Medicare Part B.

(a) Exempted services. Certification is not required for the following: (1) Hospital services and supplies incident to physicians’ services furnished to outpatients. The exemption applies to drugs and biologicals that cannot be self-administered, but not to partial hospitalization services, as set forth in paragraph (e) of this section.

(2) Outpatient hospital diagnostic services, including necessary drugs and biologicals, ordinarily furnished or arranged for by a hospital for the purpose of diagnostic study.

(b) General rule. Medicare Part B pays for medical and other health services furnished by providers (and not exempted under paragraph (a) of this section) only if a physician certifies the content specified in paragraph (c) (1), (c) (4) or (e) (1) of this section, as appropriate.

(c) Outpatient physical therapy and speech-language pathology services—(1) Content of certification. (i) The individual needs, or needed, physical therapy or speech pathology services.

(ii) The services were furnished while the individual was under the care of a physician, nurse practitioner, clinical nurse specialist, or physician assistant.

(iii) The services were furnished under a plan of treatment that meets the requirements of §410.61 of this chapter.

(2) Timing. The certification statement must be obtained at the time the plan of treatment is established, or as soon thereafter as possible.

(3) Signature. (i) If the plan of treatment is established by a physician, nurse practitioner, clinical nurse specialist, or physician assistant, the certification must be signed by that physician or nonphysician practitioner.

(ii) If the plan of treatment is established by a physical therapist or speech-language pathologist, the certification must be signed by a physician or by a nurse practitioner, clinical nurse specialist, or physician assistant who has knowledge of the case.

(4) Recertification—(i) Timing. Recertification statements are required at least every 30 days and must be signed by the physician, nurse practitioner, clinical nurse specialist, or physician assistant who reviews the plan of treatment.

(ii) Content. The recertification statement must indicate the continuing need for physical therapy or speech-language pathology services and an estimate of how much longer the services will be needed.
(iii) Signature. Recertifications must be signed by the physician, nurse practitioner, clinical nurse specialist, or physician assistant who reviews the plan of treatment.

(d) [Reserved]

(e) Partial hospitalization services: Content of certification and plan of treatment requirements—

(i) The individual would require inpatient psychiatric care if the partial hospitalization services were not provided.

(ii) The services are or were furnished while the individual was under the care of a physician.

(iii) The services were furnished under a written plan of treatment that meets the requirements of paragraph (e)(2) of this section.

(2) Plan of treatment requirements—

(i) The plan is an individualized plan that is established and is periodically reviewed by a physician in consultation with appropriate staff participating in the program, and that sets forth—

(A) The physician's diagnosis;

(B) The type, amount, duration, and frequency of the services; and

(C) The treatment goals under the plan.

(ii) The physician determines the frequency and duration of the services taking into account accepted norms of medical practice and a reasonable expectation of improvement in the patient's condition.

(3) Recertification requirements.

(i) Signature. The physician recertification must be signed by a physician who is treating the patient and has knowledge of the patient's response to treatment.

(ii) Timing. The first recertification is required as of the 18th day of partial hospitalization services. Subsequent recertifications are required at intervals established by the provider, but no less frequently than every 30 days.

(iii) Content. The recertification must specify that the patient would otherwise require inpatient psychiatric care in the absence of continued stay in the partial hospitalization program and describe the following:

(A) The patient's response to the therapeutic interventions provided by the partial hospitalization program.

(B) The patient's psychiatric symptoms that continue to place the patient at risk of hospitalization.

(C) Treatment goals for coordination of services to facilitate discharge from the partial hospitalization program.

(f) All other covered medical and other health services furnished by providers—

(i) Content of certification. The services were medically necessary.

(ii) Signature. The certificate must be signed by a physician, nurse practitioner, clinical nurse specialist, or physician assistant who has knowledge of the case.

(3) Timing. The physician, nurse practitioner, clinical nurse specialist, or physician assistant may provide certification at the time the services are furnished or, if services are provided on a continuing basis, at either the beginning or at the end of a series of visits.

(4) Recertification. Recertification of continued need for services is not required.


§ 424.27 Requirements for comprehensive outpatient rehabilitation facility (CORF) services.

Medicare Part B pays for CORF services only if a physician certifies, and the facility physician recertifies, the content specified in paragraphs (a) and (b)(2) of this section, as appropriate.

(1) Certification. Content. (1) The services were required because the individual needed skilled rehabilitation services;

(2) The services were furnished while the individual was under the care of a physician; and

(3) A written plan of treatment has been established and is reviewed periodically by a physician.

(b) Recertification—

(1) Timing. Recertification is required at least every 60 days, based on review by a facility physician who, when appropriate, consults with the professional personnel who furnish the services.

(2) Content. (i) The plan is being followed;

(ii) The patient is making progress in attaining the rehabilitation goals; and

(iii) The treatment is not having any harmful effect on the patient.
§ 424.30 Scope.

This subpart sets forth the requirements, procedures, and time limits for claiming Medicare payments. Claims must be filed in all cases except when services are furnished on a prepaid capitation basis by a health maintenance organization (HMO), a competitive medical plan (CMP), or a health care prepayment plan (HCPP). Special procedures for claiming payment after the beneficiary has died and for certain bills paid by organizations are set forth in subpart E of this part.


§ 424.32 Basic requirements for all claims.

(a) A claim must meet the following requirements:

(1) A claim must be filed with the appropriate intermediary or carrier on a form prescribed by HCFA in accordance with HCFA instructions.

(2) A claim for physician services, clinical psychologist services, or clinical social worker services must include appropriate diagnostic coding for those services using ICD-9-CM, and a claim for physician services furnished to an SNF resident under § 411.15(p)(2) of this chapter must also include the SNF 's Medicare provider number.

(3) A claim must be signed by the beneficiary or the beneficiary’s representative (in accordance with § 424.36(b)).

(4) A claim must be filed within the time limits specified in § 424.44.

(5) A Part B claim filed by an SNF must include appropriate HCPCS coding.

(b) The prescribed forms for claims are the following:

HCFA-1450—Uniform Institutional Provider Bill. (This form is for institutional provider billing for Medicare inpatient, outpatient and home health services.)

HCFA-1400—Request for Medicare Payment. (For use by a patient to request payment for medical expenses.)

HCFA-1400—Request for Medicare Payment by Organization. (For use by an organization requesting payment for medical services.)

HCFA-1500—Health Insurance Claim Form. (For use by physicians and other suppliers to request payment for medical services.)

HCFA-1660—Request for Information-Medicare Payment for Services to a Patient now Deceased. (For use in requesting amounts payable under title XVIII to a deceased beneficiary.)

(c) Where claims forms are available. Excluding forms HCFA-1450 and HCFA-1500, all claims forms prescribed for use in the Medicare program are distributed free-of-charge to the public, institutions, or organizations. The HCFA-1400S is also available at local Social Security Offices.


§ 424.33 Additional requirements: Claims for services of providers and claims by suppliers and nonparticipating hospitals.

All claims for services of providers and all claims by suppliers and nonparticipating hospitals must be—

(a) Filed by the provider, supplier, or hospital; and

(b) Signed by the provider, supplier, or hospital unless HCFA instructions waive this requirement.

§ 424.34 Additional requirements: Beneficiary’s claim for direct payment.

(a) Basic rule. A beneficiary’s claim for direct payment for services furnished by a supplier, or by a nonparticipating hospital that has not elected to claim payment for emergency services, must include an itemized bill or a “report of services”, as specified in paragraphs (b) and (c) of this section.

(b) Itemized bill from the hospital or supplier. The itemized bill for the services, which may be receipted or unpaid, must include all of the following information:

(1) The name and address of—
§424.37 Evidence of authority to sign on behalf of the beneficiary.

(a) Beneficiary incapable. When a party specified in §424.36(b) signs a claim or request for payment statement, he or she must also submit a brief statement that—

(1) Describes his or her relationship to the beneficiary; and

(2) Explains the circumstances that make it impractical for the beneficiary to sign the claim or statement.

(b) Beneficiary not present for services. When a representative of the provider, nonparticipating hospital, or supplier signs a claim or request for payment statement under §424.36(c), he or she must explain why it was not possible to obtain the beneficiary’s signature. (For example: “Patient not physically present for test.”)
§ 424.40 Request for payment effective for more than one claim.

(a) Basic procedure. A separate request for payment statement prescribed by HCFA and signed by the beneficiary (or by his or her representative) may be included in claims by reference, in the circumstances specified in paragraphs (b) through (d) of this section.

(b) Claims filed by a provider or non-participating hospital—

(1) Inpatient services. A signed request for payment statement, included in the first claim for Part A services furnished by a facility (a participating hospital or SNF, or a nonparticipating hospital that has elected to claim payment) during a beneficiary's period of confinement, may be effective for all claims for Part A services the facility furnishes that beneficiary during that confinement.

(2) Home health services and outpatient physical therapy or speech pathology services. A signed request for payment statement, included in the first claim for home health services or outpatient physical therapy or speech pathology services furnished by a provider under a plan of treatment, may be effective for all claims for home health services or outpatient physical therapy or speech pathology services furnished by the provider under that plan of treatment.

(c) Signed statement in the provider record—

(1) Services to inpatients. A signed request for payment statement, included in the first claim for services furnished to a beneficiary during a single inpatient stay in that facility—

(ii) By physicians whose services are billed by the provider or facility in its name; or

(iii) By physicians who bill separately, if the services were furnished in the provider or facility.

(b) Claims filed by a provider or non-participating hospital—

(3) Services to outpatients: Independent rural health clinics and Federally qualified health centers. A signed request for payment statement retained in the clinic's or center's files may be effective indefinitely for all claims for services furnished to that beneficiary by the clinic.

(d) Signed statement in the supplier's record. A signed request for payment statement retained in the supplier's file may be effective indefinitely subject to the following restrictions:

(1) This policy does not apply to unassigned claims for rental of durable medical equipment (DME).

(2) With respect to assigned claims for rental or purchase of DME, a new statement is required if another item of equipment is rented or purchased.

§ 424.44 Time limits for filing claims.

(a) Basic limits. Except as provided in paragraph (b) of this section, the claim must be mailed or delivered to the intermediary or carrier, as appropriate—

(1) On or before December 31 of the following year for services that were furnished during the first 9 months of a calendar year; and

(2) On or before December 31 of the second following year for services that were furnished during the last 3 months of the calendar year.

(b) Extension of filing time because of error or misrepresentation. (1) The time for filing a claim will be extended if failure to meet the deadline in paragraph (a) of this section was caused by error or misrepresentation of an employee, intermediary, carrier, or agent of the Department that was performing Medicare functions and acting within the scope of its authority.

(2) The time will be extended through the last day of the 6th calendar month following the month in which the error or misrepresentation is corrected.
(c) Extension of period ending on a nonworkday. If the last day of the period allowed under paragraph (a) or (b) of this section falls on a Federal nonworkday (a Saturday, Sunday, legal holiday, or a day which by statute or Executive Order is declared to be a nonworkday for Federal employees), the time is extended to the next succeeding workday.

§ 424.45 What constitutes a claim for purposes of meeting the time limits.

A written statement of intent to claim Medicare benefits constitutes a claim if—

(a) The statement is filed with HCFA or any carrier or intermediary within the time limits specified in §424.44;

(b) The statement indicates the intent to claim Medicare payment for specified services furnished to an identified beneficiary; and

(c) A claim that meets the requirements of §424.32(a) is filed within 6 months after the month in which the intermediary or carrier, as appropriate, advises the claimant to file that claim.

Subpart D—To Whom Payment Is Ordinarily Made

§ 424.50 Scope.

(a) This subpart specifies to whom Medicare payment is ordinarily made for different kinds of services.

(b) Subpart E of this part sets forth provisions applicable in special situations.

(c) Subpart F of this part specifies the exceptional circumstances under which payment may be made to an assignee or reassigee.

§ 424.51 Payment to the provider.

(a) Basic rule. Except as specified in paragraph (b) of this section, Medicare pays the provider for services furnished by a provider.

(b) Exception. Medicare pays the beneficiary for outpatient hospital services if the hospital has collected an amount in excess of the unmet deductible and coinsurance, as specified in §489.30(b)(4) of this chapter.

§ 424.52 Payment to a nonparticipating hospital.

Medicare pays a nonparticipating hospital for the following services, if covered, in the specified circumstances:

(a) Emergency inpatient and outpatient services furnished by a U.S. hospital, if the hospital has in effect an election to claim payment in accordance with subpart G of this part.

(b) Certain medical and other health services covered under Medicare Part B and furnished by a U.S. hospital, if the hospital meets the requirements of §424.55 for payment as a supplier.

(c) Emergency or nonemergency inpatient services furnished by a foreign hospital if the hospital has in effect an election to claim payment in accordance with subpart G of this part.

§ 424.53 Payment to the beneficiary.

Medicare pays the beneficiary for the following services, if covered, in the specified circumstances:

(a) Emergency inpatient and outpatient services furnished by a nonparticipating U.S. hospital that has not elected to claim payment in accordance with subpart G of this part.

(b) Certain medical and other health services covered under Medicare Part B and furnished by a nonparticipating U.S. hospital, if the hospital does not receive assigned payment as a supplier under §424.55.

(c) Emergency or nonemergency services furnished by a foreign hospital if the hospital does not have in effect an election to claim payment in accordance with subpart H of this part.

(d) Physician and ambulance services furnished outside the United States.

(e) Services furnished by a supplier if the claim has not been assigned to the supplier.

§ 424.54 Payment to the beneficiary's legal guardian or representative payee.

Medicare may pay amounts due a beneficiary to the beneficiary's legal guardian or representative payee.

§ 424.55 Payment to the supplier.

(a) Medicare pays the supplier for covered services if the beneficiary (or
§ 424.56 Payment to a beneficiary and to a supplier.

(a) Conditions for split payment. If the beneficiary assigns the claim after paying part of the bill, payment may be made partly to the beneficiary and partly to the supplier.

(b) Payment to the supplier. Payment to the supplier who submits the assigned claim is for whichever of the following amounts is less:

(1) The reasonable charge minus the amount the beneficiary had already paid to the supplier; or

(2) The full Part B benefit due for the services furnished.

(c) Payment to the beneficiary. Any part of the Part B benefit which, on the basis of paragraph (b) of this section, is not payable to the supplier, is paid to the beneficiary.

(d) Examples.

Example 1. An assigned bill of $300 on which partial payment of $100 has been made is submitted to the carrier. The carrier determines that $300 is the reasonable charge for the services furnished. Total payment due is 80 percent of $300 or $240. Of this amount, $200 (the difference between the $100 partial payment and the $300 reasonable charge) is paid to the supplier. The remaining $40 is paid to the beneficiary.

Example 2. An assigned bill of $325 on which partial payment of $275 has been made is submitted to the carrier. The carrier determines that $275 is the reasonable charge for the services. Total payment due is 80 percent of $275 or $220. The $220 is paid to the beneficiary, since any payment to the supplier, when added to the $275 partial payment, would exceed the reasonable charge for the services furnished.

§ 424.57 Special payment rules for items furnished by DMEPOS suppliers and issuance of DMEPOS supplier billing numbers.

(a) Definitions. As used in this section “DMEPOS” is the acronym for durable medical equipment, prosthetics, orthotics and supplies. A “supplier” is an entity or individual, including a physician or part A provider, which sells or rents part B covered items to Medicare beneficiaries and which meets the standards in paragraph (c) of this section.

(b) Medicare pays for items furnished by a supplier with a billing number to the—

(1) Supplier if the beneficiary (or the person authorized to request payment on the beneficiary’s behalf) assigns the claim to the supplier and the supplier accepts assignment;

(2) Beneficiary, if the supplier does not accept assignment; or

(3) Partly to the beneficiary and partly to the supplier, if the supplier accepts assignment of the bill, as described in §424.56.

(c) Medicare does not issue a billing number to a supplier that submits claims for items listed in §421.210(b) of this subchapter until that supplier...
meets, and certifies that it meets, the following standards. The supplier—
(1) In response to orders which it receives, fills those orders from its own inventory or inventory in other companies with which it has contracted to fill such orders or fabricates or fits items for sale from supplies it buys under a contract;
(2) Is responsible for delivery of Medicare covered items to Medicare beneficiaries;
(3) Honors all warranties express and implied under applicable State law;
(4) Answers any questions or complaints a beneficiary has about the item or use of the item that was sold or rented to him or her, and refers beneficiaries with Medicare questions to the appropriate carrier;
(5) Maintains and repairs directly or through a service contract with another company, items it has rented to beneficiaries;
(6) Accepts returns of substandard (less than full quality for the particular item) or unsuitable items (inappropriate for the beneficiary at the time it was fitted and/or sold) from beneficiaries;
(7) Discloses consumer information to each beneficiary with whom it does business which consists of the supplier standards to which it must conform;
(8) Complies with the disclosure provisions in §420.206;
(9) Complies with all applicable State and Federal licensure and regulatory requirements;
(10) Maintains a physical facility on an appropriate site; and
(11) Has proof of appropriate liability insurance.

(d) If a supplier is found not to meet the standards in paragraph (c) of this section, its billing number is revoked, effective 15 days after the entity is sent notice of the revocation. A billing number may be issued, with the concurrence of HCFA, when a supplier has successfully completed a corrective action plan rectifying past violations of the supplier standards and provided sufficient assurance that it will comply with the supplier standards in the future. Corrective action includes repayment of monies due to beneficiaries and Medicare, and honoring applicable warranties.

(e) Suppliers must renew their applications for a billing number 3 years after the billing numbers are first re-issued, except for the first reissuance process, as follows: suppliers must renew applications for supplier numbers 2 years after initial issuance of billing numbers for one third of all suppliers. Another one third of suppliers must reapply 3 years after initial issuance. The last third of suppliers must reapply 4 years after initial issuance. Thereafter, each supplier must reapply 3 years after its last number is issued, unless no claim for an item furnished by a supplier has been submitted for four consecutive quarters, in which case the supplier must submit a new request for another billing number.

(f) Suppliers are required to have complaint resolution protocols to address beneficiary complaints which relate to the supplier standards in paragraph (c) of this section and to keep written complaints and related correspondence, and any notes of actions taken in response to written or oral complaints. Failure to maintain such information may be considered evidence that supplier standards have not been met. If a carrier determines that a supplier is not satisfactorily responding to one or more beneficiary complaints, the carrier may require that a supplier maintain the following information on all written and oral beneficiary complaints, including telephone complaints, it receives: The name, address, telephone number and health insurance claim number of the complaint, a summary of the complaint and the date it was made; the name of the person taking the complaint, a summary of any actions taken to resolve the complaint; and, if an investigation was not conducted, the name of the person making the decision and the reason for the decision.

§424.57

[57 FR 27308, June 18, 1992, as amended at 60 FR 63444, Dec. 11, 1995]
§ 424.60 Scope.

(a) This subpart sets forth provisions applicable to payment after the beneficiary's death and payment to entities that provide coverage complementary to Medicare Part B.

(b) The provisions applicable to payment for services excluded as custodial care or services not reasonable and necessary are set forth in §§ 405.332 through 405.336 of this chapter.

§ 424.62 Payment after beneficiary's death: Bill has been paid.

(a) Scope. This section specifies the persons whom Medicare pays, and the conditions for payments, when the beneficiary has died and the bill has been paid.

(b) Situation. (1) The beneficiary has received covered services for which he could receive direct payment under § 424.53.

(2) The beneficiary died without receiving Medicare payment.

(3) The bill has been paid.

(c) Persons whom Medicare pays. In the situation described in paragraph (b) of this section, Medicare pays the following persons in the specified circumstances:

(1) The person or persons who, without a legal obligation to do so, paid for the services with their own funds, before or after the beneficiary's death.

(2) The legal representative of the beneficiary's estate if the services were paid for by the beneficiary before he or she died, or with funds from the estate.

(3) If the deceased beneficiary or his or her estate paid for the services and no legal representative of the estate has been appointed, the survivors, in the following order of priority:

(i) The person found by SSA to be the surviving spouse, if he or she was either living in the same household with the deceased at the time of death, or was, for the month of death, entitled to monthly social security or railroad retirement benefits on the basis of the same earnings record as the deceased beneficiary;

(ii) The child or children, who were, for the month of death, entitled to monthly social security or railroad retirement benefits on the basis of the same earnings record as the deceased (and, if there is more than one child, in equal parts to each child);

(iii) The parent or parents, who were, for the month of death, entitled to monthly social security or railroad retirement benefits on the basis of the same earnings record as the deceased (and, if there is more than one parent, in equal parts to each parent);

(iv) The person found by SSA to be the surviving spouse who was not living in the same household with the deceased at the time of death and was not, for the month of death, entitled to monthly social security or railroad retirement benefits on the basis of the same earnings record as the deceased beneficiary;

(v) The child or children who were not entitled to monthly social security or railroad retirement benefits on the basis of the same earnings record as the deceased (and, if there is more than one child, in equal parts to each child);

(vi) The parent or parents who were not entitled to monthly social security or railroad retirement benefits on the basis of the same earnings record as the deceased (and, if there is more than one parent, in equal parts to each parent).

(4) If none of the listed relatives survive, no payment is made.

(5) If the services were paid for by a person other than the deceased beneficiary, and that person died before payment was completed, Medicare does not pay that person's estate. Medicare pays a surviving relative of the deceased beneficiary in accordance with the priorities in paragraph (c)(3) of this section. If none of those relatives survive, Medicare pays the legal representative of the deceased beneficiary's estate. If there is no legal representative of the estate, no payment is made.

(d) Amount of payment. The amount of payment is the amount due, including unnegotiated checks issued for the purpose of making direct payment to the beneficiary.

(e) Conditions for payment. For payment to be made under this section—
(1) The person who claims payment must meet the following requirements:
   (i) Submit a claim on a HCFA-prescribed form and an itemized bill in accordance with the requirements of this subpart. (See paragraph (g) of this section for an exception.)
   (ii) Provide evidence that the services were furnished if the intermediary or carrier requests it.
   (iii) Provide evidence of payment of the bill and of the identity of the person who paid it.
(2) If a person claims payment as the legal representative of the deceased beneficiary's estate, he or she must also submit a copy of the papers showing appointment as legal representative.
(3) If a person claims payment as a survivor of the beneficiary, he or she must also submit evidence, if the intermediary or carrier requests it, that he or she is highest on the priority list of paragraph (c)(3) of this section.

(f) Evidence of payment. Evidence of payment may be—
   (1) A receipted bill, or a properly completed "Report of Services" section of a claim form, showing who paid the bill;
   (2) A cancelled check;
   (3) A written statement from the provider or supplier or an authorized staff member; or
   (4) Other probative evidence.
(g) Exception: Claim submitted before beneficiary died. If a claim and itemized bill has been submitted by or on behalf of the beneficiary before he or she died, submission of another claim form is not required; any written request by the person seeking payment is sufficient.

§ 424.66 Payment after beneficiary's death: Bill has not been paid.

(a) Scope. This section specifies whom Medicare pays, and the conditions for payment when the beneficiary has died and the bill has not been paid.
(b) Situation. (1) The beneficiary has received covered Part B services furnished by a physician or other supplier.
   (2) The beneficiary died without making an assignment to the physician or other supplier or receiving Medicare payment.
   (3) The bill has not been paid.
(c) To whom payment is made. In the situation described in paragraph (b) of this section, Medicare pays as follows:
   (1) Payment to the supplier. Medicare pays the physician or other supplier if he or she—
      (i) Files a claim on a HCFA-prescribed form in accordance with the applicable requirements of this subpart;
      (ii) Upon request from the carrier, provides evidence that the services for which it claims payment were, in fact, furnished; and
      (iii) Agrees in writing to accept the reasonable charge as the full charge for the services.
   (2) Payment to a person who assumes legal obligation to pay for the services. If the physician or other supplier does not agree to accept the reasonable charge as full charge for the service, Medicare pays any person who submits to the carrier all of the following:
      (i) A statement indicating that he or she has assumed legal obligation to pay for the services.
      (ii) A claim on a HCFA-prescribed form in accordance with the requirements of this subpart. (If a claim had been submitted by or on behalf of the beneficiary before he or she died, submission of another claim form is not required; a written request by the person seeking payment meets the requirement for a claim.)
      (iii) An itemized bill that identifies the claimant as the person to whom the physician or other supplier holds responsible for payment. (If such an itemized bill had been submitted by or on behalf of the beneficiary before he or she died, submission of another itemized bill is not required.)
      (iv) If the intermediary or carrier requests it, evidence that the services were actually furnished.

§ 424.66 Payment to entities that provide coverage complementary to Medicare Part B.

(a) Conditions for payment. Medicare may pay an entity for Part B services furnished by a physician or other supplier if the entity meets all of the following requirements:
   (1) Provides coverage of the service under a complementary health benefit plan.
§ 424.70 Basis and scope.

(a) Statutory basis. This subpart implements sections 1815(c) and 1842(b)(6) of the Act, which establish limitations on who may receive payments due a provider or supplier of services or a beneficiary.

(b) Scope. This subpart—

(1) Prohibits the assignment, reassignment, or other transfer of the right to Medicare payments except under specified conditions;

(2) Sets forth the sanctions that HCFA may impose on a provider or supplier that violates this prohibition, or on a supplier that violates the conditions to which it agreed in accepting assignment from the individual; and

(3) Specifies the conditions for payment under court-ordered assignments or reassignments.

§ 424.71 Definitions.

As used in this subpart, unless the context indicates otherwise—

1. Court of competent jurisdiction means a court that has jurisdiction over the subject matter and the parties before it.

2. Facility means a hospital or other institution that furnishes health care services to inpatients.

3. Health care delivery system or system means a public or private organization for delivering health services. The term includes, but is not limited to, clinics and health care prepayment plans.

4. Power of attorney means any written documents by which a principal authorizes an agent to—

(a) Receive, in the agent’s name, any payments due the principal;

(b) Negotiate checks payable to the principal; or

(c) Receive, in any other manner, direct payment of amounts due the principal.

§ 424.73 Prohibition of assignment of claims by providers.

(a) Basic prohibition. Except as specified in paragraph (b) of this section, Medicare does not pay amounts that are due a provider to any other person under assignment, or power of attorney, or any other direct payment arrangement.

(b) Exceptions to the prohibition—(1) Payment to a government agency or entity. Subject to the requirements of the Assignment of Claims Act (31 U.S.C. 3727), Medicare may pay a government agency or entity under an assignment by the provider.

(2) Payment under assignment established by court order. Medicare may pay under an assignment established by, or in accordance with, the order of a court.
§ 424.82 Revocation of right to receive assigned benefits.

(a) Scope. This section sets forth the conditions and procedures for revocation of the right of a supplier or other party to receive Medicare payments.

(b) Definition. As used in this section, other party means an employer, facility, or health care delivery system to which Medicare may make payment under § 424.80(b), (1), (2), or (3).
(c) Basis for revocation. HCFA may revoke the right of a supplier or other party to receive Medicare payments if the supplier or other party, after warning by HCFA or the carrier—
   (1) Violates the terms of assignment in §424.55(b).
   (2) Continues collection efforts or fails to refund moneys incorrectly collected, in violation of the terms of assignment in §424.55(b).
   (3) Executes or continues in effect a reassignment or power of attorney or any other arrangement that seeks to obtain payment contrary to the provisions of §424.80; or
   (4) Fails to furnish evidence necessary to establish its compliance with the requirements of §424.80.

(d) Proposed revocation: Notice and opportunity for review.
If HCFA proposes to revoke the right to payment in accordance with paragraph (c) of this section, it will send the supplier or other party a written notice that—
   (1) States the reasons for the proposed revocation; and
   (2) Provides an opportunity for the supplier or other party to submit written argument and evidence against the proposed revocation. HCFA usually allows 15 days from the date on the notice, but may extend or reduce the time as circumstances require.

(e) Actual revocation: Timing, notice, and opportunity for hearing—
   (1) Timing. HCFA determines whether to revoke after considering any written argument or evidence submitted by the supplier or other party or, if none is submitted, at the expiration of the period specified in the notice of proposed revocation.
   (2) Notice and opportunity for hearing. The notice of revocation specifies—
       (i) The reasons for the revocation;
       (ii) That the revocation is effective as of the date on the notice;
       (iii) That the supplier or other party may, within 60 days from the date on the notice (or a longer period if the notice so specifies), request an administrative hearing and may be represented by counsel or other qualified representative.
       (iv) That the carrier will withhold payment on any claims submitted by the supplier or other party until the period for requesting a hearing expires or, if a hearing is requested, until the hearing officer issues a decision;
       (v) That if the hearing decision reverses the revocation, the carrier will pay the supplier's or other party's claims; and
       (vi) That if a hearing is not requested or the hearing decision upholds the revocation, payment will be made to the beneficiary or to another person or agency authorized to receive payment on his or her behalf.

§424.84 Final determination on revocation of right to receive assigned benefits.

(a) Basis of final determination—
   (1) Final determination without a hearing. If the supplier or other party does not request a hearing, HCFA's revocation determination becomes final at the end of the period specified in the notice of revocation.
   (2) Final determination following a hearing. If there is a hearing, the hearing decision constitutes HCFA's final determination.

(b) Notice of final determination. HCFA sends the supplier or other party a written notice of the final determination and, if there was a hearing, includes a copy of the hearing decision.
(c) Application of the final determination—(1) A final determination not to revoke is the final administrative decision by HCFA on the matter.

(2) A final determination to revoke remains in effect until HCFA finds that the reason for the revocation has been removed and that there is reasonable assurance that it will not recur.

(d) Effect of revocation when supplier or other party has a financial interest in another entity. Revocation of the party's right to accept assignment also applies to any corporation, partnership, or other entity in which the party, directly or indirectly, has or acquires all or all but a nominal part of the financial interest.


§ 424.86 Prohibition of assignment of claims by beneficiaries.

(a) Basic prohibition. Except as specified in paragraph (b) of this section, Medicare does not pay amounts that are due a beneficiary under § 424.53 to any other person under assignment, power of attorney, or any other direct payment arrangement.

(b) Exceptions—(1) Payment to a government agency or entity. Subject to the requirements of the Assignment of Claims Act (31 U.S.C. 3727), Medicare may pay a government agency or entity under an assignment by a beneficiary (or by the beneficiary's legal guardian or representative payee).

(2) Payment under an assignment established by court order. Medicare may pay under an assignment established by, or in accordance with, a court order if the assignment meets the conditions set forth in § 424.90.

§ 424.90 Court ordered assignments: Conditions and limitations.

(a) Conditions for acceptance. An assignment or reassignment established by or in accordance with a court order is effective for Medicare payments only if—

(1) Someone files a certified copy of the court order and of the executed assignment or reassignment (if it was necessary to execute one) with the intermediary or carrier responsible for processing the claim; and

(2) The assignment or reassignment—

(i) Applies to all Medicare benefits payable to a particular person or entity during a specified or indefinite time period; or

(ii) Specifies a particular amount of money, payable to a particular person or entity by a particular intermediary or carrier.

(b) Retention of authority to reduce interim payments to providers. A court-ordered assignment does not preclude the intermediary or carrier from reducing interim payments, as set forth in § 413.64(i) of this chapter, if the provider or assignee is in imminent danger of insolvency or bankruptcy.

(c) Liability of the parties. The party that receives payments under a court-ordered assignment or reassignment that meets the conditions of paragraph (a) of this section and the party that would have received payment if the court order had not been issued are jointly and severally responsible for any Medicare overpayment to the former.

Subpart G—Special Conditions: Emergency Services Furnished by a Nonparticipating Hospital

§ 424.100 Scope.

This subpart sets forth procedures and criteria that are followed in determining whether Medicare will pay for emergency services furnished by a hospital that is located in the United States and does not have in effect a provider agreement, that is, an agreement to participate in Medicare.

§ 424.101 Definitions.

As used in this subpart, unless the context indicates otherwise—

Emergency services means inpatient or outpatient hospital services that are necessary to prevent death or serious impairment of health and, because of the danger to life or health, require use of the most accessible hospital available and equipped to furnish those services.

Hospital means a facility that—

(1) Is primarily engaged in providing, by or under the supervision of doctors of medicine or osteopathy, inpatient services for the diagnosis, treatment,
§ 424.102

and care or rehabilitation of persons who are sick, injured, or disabled;

(2) Is not primarily engaged in providing skilled nursing care and related services for patients who require medical or nursing care, as described in section 1861(j)(1)(A) of the Act;

(3) Provides 24-hour nursing service in accordance with section 1861(e)(5) of the Act; and

(4) Is licensed, or is approved as meeting the standards for licensing, by the State or local licensing agency.

Reasonable charges means customary charges insofar as they are reasonable.

§ 424.102 Situations that do not constitute an emergency.

Without additional evidence of a threat to life or health, the following situations do not in themselves indicate a need for emergency services:

(a) Lack of care at home.

(b) Lack of transportation to a participating hospital.

(c) Death of the patient in the hospital.

§ 424.103 Conditions for payment for emergency services.

Medicare pays for emergency services furnished to a beneficiary by a non-participating hospital or under arrangements made by such a hospital if the conditions of this section are met.

(a) General requirements. (1) The services are of the type that Medicare would pay for if they were furnished by a participating hospital.

(2) The hospital has in effect an election to claim payment for all emergency services furnished in a calendar year in accordance with § 424.104.

(b) Medical information requirements. A physician (or, if appropriate, the hospital) submits medical information that—

(1) Describes the nature of the emergency and specifies why it required that the beneficiary be treated in the most accessible hospital;

(2) Establishes that all the conditions in paragraph (a) of this section are met; and

(3) Indicates when the emergency ended, which, for inpatient hospital services, is the earliest date on which the beneficiary could be safely discharged or transferred to a participating hospital or other institution.

§ 424.104 Election to claim payment for emergency services furnished during a calendar year.

(a) Terms of the election. The hospital agrees to the following:

(1) To comply with the provisions of subpart C of part 489 of this chapter relating to charges for items and services the hospital may make to the beneficiary, or any other person on his or her behalf.

(2) To comply with the provisions of subpart D of part 489 of this chapter relating to proper disposition of monies incorrectly collected from, or on behalf of a beneficiary.

(3) To request payment under the Medicare program based on amounts specified in § 413.74 of this chapter.

(b) Filing of election statement. An election statement must be filed on a form designated by HCFA, signed by an authorized official of the hospital, and either received by HCFA, or postmarked, before the close of the calendar year of election.

(c) Acceptance and effective date of election. If HCFA accepts the election statement, the election is effective as of the earliest day of the calendar year of election from which HCFA determines the hospital has been in continuous compliance with the requirements of section 1814(d) of the Act.

(d) Appeal by hospital. Any hospital dissatisfied with a determination that it does not qualify to claim reimbursement shall be entitled to appeal the determination as provided in part 498 of this chapter.

(e) Conditions for reinstatement after notice of failure to continue to qualify. If HCFA has notified a hospital that it no
§ 424.106 Criteria for determining whether the hospital was the most accessible.

(a) Basic requirement. (1) The hospital must be the most accessible one available and equipped to furnish the services.

(2) HCFA determines accessibility based on the factors specified in paragraphs (b) and (c) of this section and the conditions set forth in paragraph (d) of this section.

(b) Factors that are considered. HCFA considers the following factors in determining whether a nonparticipating hospital in a rural area meets the accessibility requirements:

(1) The relative distances of participating and nonparticipating hospitals in the area.

(2) The transportation facilities available to these hospitals.

(3) The quality of the roads to each hospital.

(4) The availability of beds at each hospital.

(5) Any other factors that bear on whether or not the services could be provided sooner in the nonparticipating hospitals than in a participating hospital in the general area.

In urban and suburban areas where both participating and nonparticipating hospitals are similarly available, HCFA presumes that the services could have been provided in a participating hospital unless clear and convincing evidence shows that there was a medical or practical need to use the nonparticipating hospital.

(c) Factors that are not considered. HCFA gives no consideration to the following factors in determining whether the nonparticipating hospital was the most accessible hospital:

(1) The personal preference of the beneficiary, the physician, or members of the family.

(2) The fact that the attending physician did not have staff privileges in a participating hospital which was available and the most accessible to the beneficiary.

(3) The location of previous medical records.

(d) Conditions under which the accessibility requirement is met. If a beneficiary must be taken to a hospital immediately for required diagnosis and treatment, the nonparticipating hospital meets the accessibility requirement if—

(1) It was the nearest hospital to the point where the emergency occurred, it was medically equipped to handle the type of emergency, and it was the most accessible, on the basis of the factors specified in paragraph (b) of this section; or

(2) There was a closer participating hospital equipped to handle the emergency, but the participating hospital did not have a bed available or would not accept the individual.

§ 424.108 Payment to a hospital.

(a) Conditions for payment. Medicare pays the hospital for emergency services if the hospital—

(1) Has in effect a statement of election to claim payment for all covered emergency services furnished during a calendar year, in accordance with §424.104;

(2) Claims payment in accordance with §424.32; and

(3) Submits evidence requested by HCFA to establish that the services meet the requirements of this subpart.

(b) Subsequent claims. If the hospital files subsequent claims because the initial claim did not include all the services furnished, those claims must include physicians' statements that—

(1) Contain sufficient information to clearly establish that, when the additional services were furnished, the emergency still existed; and

(2) Indicate when the emergency ended, which, for inpatient hospital services, is the earliest date on which the beneficiary could be safely discharged or transferred to a participating hospital or other institution.
§ 424.109 Payment to the beneficiary.

Medicare pays the beneficiary for emergency services if the following conditions are met:

(a) The hospital does not have in effect an election to claim payment.
(b) The beneficiary, or someone on his or her behalf, submits—
   (1) A claim that meets the requirements of § 424.32;
   (2) An itemized hospital bill; and
   (3) Evidence requested by HCFA to establish that the services meet the requirements of this subpart.

Subpart H—Special Conditions: Services Furnished in a Foreign Country

§ 424.120 Scope.

This subpart sets forth the conditions for payment for services furnished in a foreign country.

§ 424.121 Scope of payments.

Subject to the conditions set forth in this subpart—

(a) Medicare Part A pays, in the amounts specified in § 413.74 of this chapter, for emergency and non-emergency inpatient hospital services furnished by a foreign hospital.
(b) Medicare Part B pays for certain physicians’ services and ambulance services furnished in connection with covered inpatient care in a foreign hospital, as specified in § 424.124.
(c) All other services furnished outside the United States are excluded from Medicare coverage, as specified in § 405.313 of this chapter.

§ 424.122 Conditions for payment for emergency inpatient hospital services.

Medicare Part A pays for emergency inpatient hospital services furnished by a foreign hospital if the following conditions are met:

(a) At the time of the emergency that required the inpatient hospital services, the beneficiary was—
   (1) In the United States; or
   (2) In Canada traveling between Alaska and another State without unreasonable delay and by the most direct route.

(b) The foreign hospital was closer to, or more accessible from, the site of the emergency than the nearest United States hospital equipped to deal with, and available to treat, the individual’s illness or injury.
(c) The conditions for payment for emergency services set forth in § 424.103 are met.
(d) The hospital is a hospital as defined in § 424.101, and is licensed, or approved as meeting the conditions for licensing, by the appropriate agency of the country in which it is located.
(e) The determination of whether the hospital was more accessible is made in accordance with § 424.106.

§ 424.123 Conditions for payment for nonemergency inpatient services furnished by a hospital closer to the individual’s residence.

Medicare Part A pays for inpatient hospital services furnished by a foreign hospital if the following conditions are met:

(a) The beneficiary is a resident of the United States.
(b) The foreign hospital is closer or more accessible to the beneficiary’s residence than the nearest United States hospital equipped to deal with, and available to treat, the individual’s illness or injury.
(c) The foreign hospital is—
   (1) A hospital as defined in § 424.101 and, if it is licensed, or approved as meeting the conditions for licensing, by the appropriate agency of the country in which it is located; and
   (2) Accredited by the Joint Commission on Accreditation of Hospitals (JCAH) or accredited or approved by a program of the country where it is located under standards that HCFA finds to be essentially equivalent to those of the JCAH.
(d) The services are covered services that Medicare would pay for if they were furnished by a participating hospital.

§ 424.124 Conditions for payment for physician services and ambulance services.

(a) Basic rules. Medicare Part B pays for physician and ambulance services if—
   (1) They are furnished—
§ 424.126 Payment to the hospital.
(a) Conditions for payment. Medicare pays the hospital if it—
(1) Has in effect an election that—
(i) Meets the requirements set forth in §424.104; and
(ii) Reflects the hospital’s intent to claim for all covered services furnished during a calendar year.
(2) Claims payment in accordance with §§424.32 and 413.74 of this chapter; and
(3) Submits evidence requested by HCFA to establish that the services meet the requirements of this subpart.

§ 424.127 Payment to the beneficiary.
(a) Conditions for payment of inpatient hospital services. Medicare pays the beneficiary if—
(1) The hospital does not have in effect an election to claim payment; and
(2) The beneficiary, or someone on his or her behalf, submits—
(i) A claim in accordance with §424.32;
(ii) An itemized hospital bill; and
(iii) Evidence requested by HCFA to establish that the services meet the requirements of this subpart.
(b) Amount payable for inpatient hospital services. The amount payable to the beneficiary is determined in accordance with §424.109(b).
(c) Conditions for payment for Part B services. Medicare pays the beneficiary for physicians’ services and ambulance services as specified in §424.121, if an itemized bill for the services is submitted by the beneficiary or someone on his or her behalf and the conditions of §424.126(a) (2) and (3) are met.
(d) The amount payable to the beneficiary is determined in accordance with §410.152 of this chapter.

Subparts I—L—[Reserved]

Subpart M—Replacement and Reclamation of Medicare Payments

§ 424.350 Replacement of checks that are lost, stolen, defaced, mutilated, destroyed, or paid on forged endorsements.
(a) U.S. Government checks—(1) Responsibility. The Treasury Department is responsible for the investigation and settlement of claims in connection with Treasury checks issued on behalf of HCFA.
(2) Action by HCFA. HCFA forwards reports of lost, stolen, defaced, mutilated, destroyed, or forged Treasury checks to the Treasury Department disbursing center responsible for issuing checks.
(3) Action by the Treasury Department. The Treasury Department will replace and begin reclamation of Treasury checks in accordance with Treasury Department regulations (31 CFR parts 235, 240, and 245).
(b) Intermediary and carrier benefit checks. Checks issued by intermediaries and carriers are drawn on commercial banks and are not subject to the Federal laws and Treasury Department
§ 424.352 Intermediary and carrier checks that are lost, stolen, defaced, mutilated, destroyed or paid on forged endorsements.

(a) When an intermediary or carrier is notified by a payee that a check has been lost, stolen, defaced, mutilated, destroyed, or paid on forged endorsement, the intermediary or carrier contacts the commercial bank on whose paper the check was drawn and determines whether the check has been negotiated.

(b) If the check has been negotiated—

(1) The intermediary or carrier provides the payee with a copy of the check and other pertinent information (such as a claim form, affidavit or questionnaire to be completed by the payee) required to pursue his or her claim in accordance with State law and commercial banking regulations.

(2) To pursue the claim, the payee must examine the check and certify (by completing the claim form, questionnaire or affidavit) that the endorsement is not the payee’s.

(3) The claim form and other pertinent information is sent to the intermediary or carrier for review and processing of the claim.

(4) The intermediary or carrier reviews the payee’s claim. If the intermediary or carrier determines that the claim appears to be valid, it forwards the claim and a copy of the check to the issuing bank. The intermediary or carrier takes further action to recover the proceeds of the check in accordance with the State law and regulations.

(5) Once the intermediary or carrier recovers the proceeds of the initial check, the intermediary or carrier issues a replacement check to the payee.

(6) If the bank of first deposit refuses to settle on the check for good cause, the payee must pursue the claim on his or her own and the intermediary or carrier will not reissue the check to the payee.

(c) If the check has not been negotiated—

(1) The intermediary or carrier arranges with the bank to stop payment on the check; and

(2) Except as provided in paragraph (d), the intermediary or carrier reissues the check to the payee.

(d) No check may be reissued under (c)(2) unless the claim for a replacement check is received by the intermediary or carrier no later than 1 year from the date of issuance of the original check, unless State law (including any applicable Federal banking laws or regulations that may affect the relevant State proceeding) provides a longer period which will control.

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