

Eli's Hospice Insider

Management: IRS Pumps Up Collection Efforts: Beware Agency's New Powers

Don't let this catch you off guard.

If you owe back taxes, the IRS can now come calling in non-traditional ways -- in fact, it might just garnish some of your Medicare reimbursement until you've paid back what you owe.

According to Centers for Medicare & Medicaid Services Transmittal 368, with an effective date of Oct. 1, 2008, businesses that owe tax money to the IRS may face levies.

"CMS may reduce federal payments subject to the levy by 15 percent, or the exact amount of the tax owed if it is less than 15 percent of the payment," the transmittal indicates. "The levy is continuous until the overdue taxes are paid in full, or other arrangements are made to satisfy the debt."

What this means to you: If you owe back taxes, the IRS will arrange to take 15 percent of your Medicare reimbursement until your levy has been satisfied, says attorney **Michael Schaff** with Wilentz, Goldman and Spitzer in Woodbridge, N.J.

This means that you will continue collecting reimbursement, but the payment will be reduced by 15 percent until you no longer owe the IRS money.

Some providers will say, "I can't afford to pay these back taxes yet, I have to pay my ... staff first," suggests **Randall Karpf** with East Billing in East Hartford, Conn. "But the CMS transmittal confirms that the government will make that decision for you. Some [providers] may have to cut back on other expenses until their levies are paid off."

Medicare's signal: If the government has garnished part of your Medicare reimbursement, you'll see the code "WU" in the PLB03-1 data field, along with Medicare's phone number in case you have questions about the adjustment.

To read the complete CMS transmittal, visit the CMS Web site at www.cms.hhs.gov/transmittals/downloads/R367OTN.pdf. To review the related MLN Matters article, visit the CMS Web site at

www.cms.hhs.gov/MLNMattersArticles/downloads/MM6125.pdf.