

§ 408.205

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on file for each enrollee covered under the SMI premium surcharge agreement. Only one certification is necessary for the entire group of covered enrollees.

(e) A State or local government agency must establish an automated data exchange with CMS using the Third Party Premium Collection System, in order to transmit electronically an input file that will be used to add or remove enrollees from the billing system.

§ 408.205 Application procedures.

(a) A State or local government agency must contact its CMS regional office (RO) to request application materials.

(b) If interested in entering into an agreement, the State or local government agency must return to the RO two copies of the completed application materials.

(c) CMS reviews the application materials, and, when they are approved, notifies the State or local government agency, and the RO.

§ 408.207 Billing and payment procedures.

(a) *Adding and removing enrollees.* The State or local government agency must transmit an input file containing addition and removal records electronically to CMS as follows:

(1) Input files must be transmitted at least once each calendar month, but may be transmitted as often as once a day.

(2) CMS will not add or remove enrollees retroactively, except for removals upon the death of an enrollee.

(3) The State or local government agency must pay the SMI premium surcharge for each eligible enrollee who is included in the agreement for the time period beginning with the month the enrollee is added and continuing through the month the State or local government agency informs CMS that the enrollee is to be removed, the month the enrollee's Part B coverage terminates, or the month of the enrollee's death, whichever comes first.

(b) *Payment and grace period.* Payment must be made to CMS as follows:

(1) Payment to CMS must be received by CMS by the first day of each month.

(2) There is a 10-day grace period for receipt of payment.

(3) Payment must be made to CMS via electronic funds transfer.

(c) *Late payment penalties.* CMS may assess interest for any payment it does not receive by the first day of the month as follows:

(1) Interest will be assessed at the SMI trust fund rate as computed for new investments in accordance with section 1841(c) of the Act.

(2) Interest will be waived if the full payment is received by the 10th day of the month in which it is due.

(3) Interest will be calculated and assessed in 30-day increments.

(4) Interest will be assessed on the balance of the amount billed that remains unpaid at the expiration of the grace period and unpaid balances from prior periods.

(5) Interest will continue to accrue on unpaid amounts until the balance is paid in full.

(d) *Disagreement over billing amounts or interest.* If the State or local government agency disagrees with the amount assessed in a billing statement or interest charge, it must notify CMS as follows:

(1) The State or local government agency must provide evidence suitable to CMS to substantiate its claim.

(2) The State or local government agency must continue to make full payment while CMS evaluates the evidence provided.

(3) Credit for payment amounts or interest that CMS determines to be due to the State or local government agency will be reflected as an adjustment in subsequent bills, effective on the date the corrected amount would have been due.

§ 408.210 Termination of SMI premium surcharge agreement.

(a) *Termination by the State or local government agency.* The State or local government agency may voluntarily terminate its agreement with CMS as follows:

(1) The State or local government agency must notify CMS, in writing, at least 30 days before the effective date of the termination.

(2) The State or local government agency must pay any unpaid premium

surcharge amounts and interest due within 30 days after the effective date of the termination.

(3) Interest will continue to accrue until all amounts due are paid in full.

(b) *Termination by CMS.* CMS may terminate the agreement with a State or local government agency as follows:

(1) If a State or local government agency's payments are delinquent 30 days or more, CMS may terminate the agreement with 30 days advance notice.

(2) If the State or local government agency fails to comply with the terms of the agreement or procedures promulgated by CMS, CMS may terminate the agreement with 30 days advance notice.

(3) If CMS finds that the State or local government agency is not acting in the best interest of the enrollees, or CMS, or for any reason other than those in paragraphs (b)(1) and (b)(2) of this section, CMS may terminate the agreement at any time.

(4) The State or local government agency must pay all outstanding premium surcharge and any interest amounts due within 30 days after the effective date of the termination.

(5) Interest will continue to accrue until all amounts due are paid in full.

(6) After the agreement is terminated, CMS will resume collection of the premium surcharge from the enrollees covered under the terminated agreement.

(7) If an agreement is terminated by CMS, the State or local government agency must wait 3 years from the effective date of the termination before it can request to enter into another SMI premium surcharge agreement.

PART 409—HOSPITAL INSURANCE BENEFITS

Subpart A—Hospital Insurance Benefits: General Provisions

Sec.

- 409.1 Statutory basis.
- 409.2 Scope.
- 409.3 Definitions.
- 409.5 General description of benefits.

Subpart B—Inpatient Hospital Services and Inpatient Critical Access Hospital Services

- 409.10 Included services.
- 409.11 Bed and board.

409.12 Nursing and related services; medical social services; use of hospital or CAH facilities.

409.13 Drugs and biologicals.

409.14 Supplies, appliances, and equipment.

409.15 Services furnished by an intern or a resident-in-training.

409.16 Other diagnostic or therapeutic services.

409.18 Services related to kidney transplantations.

Subpart C—Posthospital SNF Care

409.20 Coverage of services.

409.21 Nursing care.

409.22 Bed and board.

409.23 Physical, occupational, and speech therapy.

409.24 Medical social services.

409.25 Drugs, biologicals, supplies, appliances, and equipment.

409.26 Transfer agreement hospital services.

409.27 Other services generally provided by (or under arrangements made by) SNFs.

Subpart D—Requirements for Coverage of Posthospital SNF Care

409.30 Basic requirements.

409.31 Level of care requirement.

409.32 Criteria for skilled services and the need for skilled services.

409.33 Examples of skilled nursing and rehabilitation services.

409.34 Criteria for "daily basis".

409.35 Criteria for "practical matter".

409.36 Effect of discharge from posthospital SNF care.

Subpart E—Home Health Services Under Hospital Insurance

409.40 Basis, purpose, and scope.

409.41 Requirement for payment.

409.42 Beneficiary qualifications for coverage of services.

409.43 Plan of care requirements.

409.44 Skilled services requirements.

409.45 Dependent services requirements.

409.46 Allowable administrative costs.

409.47 Place of service requirements.

409.48 Visits.

409.49 Excluded services.

409.50 Coinsurance for durable medical equipment (DME) furnished as a home health service.

Subpart F—Scope of Hospital Insurance Benefits

409.60 Benefit periods.

409.61 General limitations on amounts of benefits.

409.62 Lifetime maximum on inpatient psychiatric care.