

## FINANCING MECHANISMS

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### 1.0. GENERAL

1.1. The Department of Treasury's Automated Standard Application for Payment System (ASAP), along with FEDWIRE provide a mechanism for payment of contractor's costs for health care services received by TRICARE beneficiaries. After authorization by TMA, these systems allow the contractor to draw cash directly from the Federal Reserve Bank (Fed) to cover payments as they clear the contractor's bank account. ASAP is used by the Treasury, the Fed and TMA to verify the authorization to make draws and to track transactions made by the contractor's bank. FEDWIRE is used by the contractor's bank to actually draw funds from the Fed.

1.2. All transactions in these bank accounts must be valid and justified. The contractor shall acquire the proper TMA, CRM authorization code prior to disbursing any funds from a non-financially underwritten bank account. Any unreported/unauthorized disbursements identified by TMA will be subject to immediate payment offset based on the contractor's taxpayer identification number (TIN) associated with the ASAP account number from which the funds were disbursed.

### 2.0. ESTABLISHING BANK ACCOUNT

2.1. The contractor shall establish a bank account with a commercial bank that has Fedwire capability based upon Treasury requirements at the time.

2.2. The contractor shall submit bank information to TMA, Contract Resource Management Directorate (CRM) not later than 60 calendar days prior to the beginning of processing claims on a new account. The information shall include:

- Name of Bank
- Overnight mail address
- American Banking Association (ABA) routing number
- Taxpayer Identification Number (TIN) (must be the same TIN used for payment)
- Contractor's bank account number
- Individual point of contact at the bank and an alternate, including their phone numbers, fax numbers and e-mail addresses
- Individual point of contact at the contractor including his/her phone number, fax number and e-mail address

2.3. The number of bank accounts required is identified in the contract. Contractors with more than one bank account shall ensure transactions are properly accounted for to prevent the commingling of funds. Failure to properly associate transactions with the correct non-financially underwritten bank account could result in the over-execution of TMA, CRM

budget authority and the contractor's authority to draw funds on the Federal Reserve Bank may be revoked or suspended.

### 3.0. ESTABLISHING A LINK TO THE FEDERAL RESERVE BANK

TMA, CRM will establish the bank account(s) on ASAP with the Treasury Department based on Treasury requirements in effect at the time of establishment. TMA, CRM will notify the bank and the contractor once the bank account(s) have been established and provide codes or other information necessary for the bank to make draws against the Fed, using Fedwire. Currently, ASAP has a requirement to identify a total dollar amount that may be drawn on the Fed. This dollar limit, established by TMA, only represents an administrative ceiling at the Fed, and does not constitute any authority to draw funds. Authority for drawing funds is based on payments, which are included in approved vouchers/W.I.C. drafts, clearing the bank (see [paragraph 5.1.](#)).

### 4.0. CONTRACTOR RESPONSIBILITIES

The contractor shall ensure that cash draw downs do not exceed the payments authorized, as they clear the bank on a given day, less deposits (see [paragraph 5.0.](#), below). The contractor shall ensure that any excess draws are immediately returned to the Fed. Interest and a penalty will be charged for the day after the overdraft and any additional days until funding is returned. TMA, CRM reserves the right to initiate immediate payment offset against any payments to the contractor involved for the interest, penalties and/or the overdrawn amount. All disputed amounts will remain in the possession of the government until no longer in dispute. (U.S. Treasury Regulations allow any Federal Agency to collect against any contract the contractor has with the Federal Government, so TMA may collect against a different contract with the same contractor, if necessary.)

### 5.0. APPROVAL AND RELEASE OF PAYMENTS

5.1. The contractor shall not release benefit payments without prior authorization from TMA, CRM. Authorization from TMA, CRM to release payments will be sent to the contractor via fax or e-mail by 11:00 am Eastern Time, the following work day. Authorization will specify contract number, ASAP Account ID#, initial transmission received date, and total dollar amount of payments to be released based on information contained in the voucher header. Approval for check release will be given provided the following criteria are met:

- Voucher submissions must pass all header edits as specified in TRICARE Systems Manual, [Chapter 2, Section 2.3.](#)
- TMA, CRM has confirmed that funding is available to cover payments.

5.2. Benefit payments shall be released/mailed no later than two workdays after TMA, CRM has approved the release of payments. Check date shall be the same date the contractor *received authorization from TMA, CRM Budget Office to release payments.* Authorization to release payments does not constitute TMA's acceptance that all payments are valid and/or correct. Detailed records will be audited for financial compliance.

**5.3. Procedures For Benefit Payment Release When The TED Record Processing System Is Not Available**

*If the TED Record processing system is not operating normally and upon notification by the Contracting Officer, the contractor will send an email or fax with a listing of specific vouchers to TMA, CRM to request release of checks/EFT payments. This may be done daily. These procedures apply to all non-underwritten payments that would normally be reimbursed on the TED Record. TMA, CRM will return to the contractor a signed release so the contractor can pay the providers and beneficiaries without delay. The contractor must not release payments until this approval is received. Once the TED Record processing system is operating again, this process can be discontinued upon notification by the Contracting Officer. Request will include the following Header information for each voucher (See TRICARE Systems Manual, Chapter 2, Section 2.2):*

| <u>ELN</u> | <u>Element Name</u>               |
|------------|-----------------------------------|
| 0-001      | Header Type Indicator             |
| 0-005      | Contract Identifier               |
| 0-010      | Contract Number                   |
| 0-015      | Batch/Voucher Identifier          |
| 0-020      | Batch/Voucher Number              |
| 0-025      | Batch/Voucher ASAP Account Number |
| 0-030      | Batch/Voucher Date YYYYDDD        |
| 0-035      | Batch/Voucher Sequence Number     |
| 0-040      | Batch/Voucher Resubmission Number |
| 0-045      | Total Number of Records           |
| 0-050      | Total Amount Paid                 |

**6.0. UNDER/OVER PAYMENTS OF CLAIMS**

**6.1. Adjustments For Claim Underpayments**

The contractor shall determine the amount of the underpayment, pay any additional payment with the next group of checks being cut, and report as a payment the same way original payments were recorded above. Also, see [Chapter 11, Section 2](#).

**6.2. Recoupment Of Erroneous Claim Payments**

If the contractor overpays a claim, the contractor shall follow recoupment procedures as specified in [Chapter 11, Section 4](#) to include offsetting overpayments against future payments. Collections, whether cash or offset, shall be shown as separate credit transactions on the vouchers. Debts established under this paragraph and related transactions shall be reported on the monthly Accounts Receivable *Summary* Report (see [Chapter 3, Section 10, paragraph 2.0](#)).

**7.0. DRAW DOWNS ON THE FEDERAL RESERVE**

**7.1.** The total amount of a cash draw down on the Fed is based on the daily total of benefit payments presented to the bank for payment. If estimates are needed due to timing of

reports from check clearinghouses or the Fed, the draws shall be adjusted the next business day.

**7.2.** Computation of the amount of the draw must include any deposits of funds into the account. These deposits will reduce the amount of cash needed for the draw down on the day of the deposit.

**7.3.** Returns of funds for any reason shall be processed as soon as possible. Interest will be charged, at rates established by the U.S. Treasury, for any excess draws from the first workday after the draw until the excess is repaid or deposited to the Treasury.

**7.4.** Amounts drawn by the bank shall be reported to the contractor for control purposes. The contractor and the bank may determine how they wish to report and control these transactions between them, but the contractor shall ensure the accuracy of the draw downs and for all reporting to TMA.

**7.5.** Strict attention shall be paid to identifying and processing transactions against the correct bank account when there is more than one account open. Transfers of funds between bank accounts are **strictly prohibited**. Any transactions reported under one bank account and erroneously charged against a different bank account shall be reported immediately to TMA, CRM when identified. TMA, CRM will instruct the contractor as to what action to take.

## **8.0. CHECK REPORTING REQUIREMENTS**

**8.1.** Following receipt of the benefit check release authorization from TMA and after preparation of the payments, the contractor shall *electronically* transmit to TMA a *Check Issue Report* of the payments issued *for each cycle or approved release*. All payments issued against the non-underwritten bank account shall be reported electronically, including manual payments (see *Chapter 3, Section 5*). The file name shall be the authorization code received from TMA and shall contain the information *and formatted as indicated in Chapter 3, Addendum A, Figure 3-A-9. The occurrence of the Check Issue Report is cycle dependent and may occur as often as daily.*

**8.2.** The contractor shall immediately notify TMA, CRM if they are unable to transmit electronic check issue reports within the required 24 hours. Failure to notify TMA, CRM could result in payment offsets occurring against the contractor's payments.

**8.3.** The contractor shall require their bank to provide an electronic transmission to TMA, CRM (no less than monthly) a listing of all payments clearing the account and a listing of all deposits. The listing shall be in an electric format and include the check number and the dollar amount.

## **9.0. YEAR END PROCESSING**

**9.1.** The contractor shall establish a separate bank account for each new fiscal year. All payments issued for benefit payments and all refunds received shall be processed against the new account effective the first day of the new fiscal year. The contractor shall also transfer all recoupment installment payments to the new account from the previous year's account.

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- 9.2.** Case draw downs against the prior fiscal year's bank account may continue, if required, until all payments from the prior year have either cleared or have been canceled, but no longer than the end of February of the following year or five months after the last payments have been cut on an account (in the case of a contract closeout).
- 9.3.** Bank accounts shall be closed no later than the end of February, following the fiscal year end, or one month after the last payment on an account has staledated. A final bank account reconciliation shall be made within 30 calendar days following the last authorized transactions. All transactions that were not previously approved by TMA, CRM shall be explained with supporting documentation on the final bank reconciliation report. TMA, CRM reserves the right to not accept these transactions.
- 9.4.** Any outstanding balance in the account shall be reimbursed to TMA no later than the required submission date of the final bank account reconciliation. This balance may be subject to interest if it includes overdrawn amounts that were required to be submitted at an earlier date. |

