

## **30.2 - Rate of Interest**

**(Rev. 4, 10-01-01)**

The interest rate on overpayments and underpayments will be the prevailing rate(s) specified in bulletins issued under (§8020.20 of the “Treasury Fiscal Requirements Manual.”) This rate is the higher of the rate as fixed by the Secretary of the Treasury after taking into consideration private consumer rates of interest or the current value of funds rate.

If a HMO/CMP signs a repayment agreement with CMS for the overpayment:

- The rate of interest specified in the agreement will continue unchanged if there is no default; and
- Interest on the balance of the debt may be changed to the prevailing rate if:
  - The HMO/CMP defaults on an installment, and
  - The prevailing rate in effect on the date the installment becomes overdue is higher than the rate specified in the agreement.

### **30.2.1 - Accrual of Interest**

**(Rev. 17, 01-01-03)**

If a cost report is filed that does not indicate an amount is due CMS, but CMS makes a final determination that an overpayment exists, interest will accrue beginning with the date of such final determination. Interest will continue to accrue during periods of administrative and judicial appeal and until final disposition of the claim.

If a cost report is filed and indicates that an amount is due CMS, interest on the amount due will accrue from the due date of the cost report unless:

- Full payment on the amount due accompanies the cost report; or
- CMS and the HMO/CMP agree in advance to liquidate the overpayment through a reduction in interim payments over the next 30-day period.

If CMS determines that additional overpayments exist during the cost settlement process, interest will accrue from the date of each determination.

The interest rate on each of the final determinations of an overpayment will be the rate of interest in effect on the date the determination is made.

In the case of a cost report that is not filed on time, interest also will accrue on a determined overpayment from the day following the due date of the report to the time the cost report is filed.

If CMS makes a final determination that an underpayment exists, interest to the HMO/CMP will accrue from the date of notification of the underpayment.

### **30.2.2 - Waiver of Interest Charges**

**(Rev. 4, 10-01-01)**

When CMS makes a final determination that an overpayment or underpayment exists:

- Interest charges will be waived if the overpayment or underpayment is completely liquidated within 30 days from the date of the final determination; or
- CMS may waive interest charges if it determines that the administrative cost of collecting the interest exceeds the interest charges.

Interest will not be waived for that period of time during which the cost report was due but remained unfiled for more than 30 days, as specified in this section.