

# **Defense Finance and Accounting Service (DFAS)**

## **Standards and Compliance (S&C)**



### **Medical Billings In-Theater (MBIT)**

#### **Receivables**

### **Standard Operating Procedures (SOP)**

Last Updated: June, 2011

Version 1.0

## ABBREVIATIONS AND/OR ACRONYMS

APC	Account Processing Code
ARO	Accounts Receivable Office
BoC	Bill of Collection
CCR	Central Contractor Registration
CDS	Contract Debt System
COP	Centralized Offset Program
DD 1131	Cash Collection Voucher
DFARS	Defense Federal Acquisition Regulation Supplement
DFAS	Defense Finance and Accounting Service
DMIS ID	Defense Medical Information System Identifier
DMO	Debt Management Office
DoD	Department of Defense
DoDFMR	Department of Defense Financial Management Regulation
DUNS	Defense Universal Number System
EDA	Electronic Document Access
FAR	Federal Acquisition Regulation
FPDS	Federal Procurement Data System
GL 4266	Other Actual Business-Type Collections From Non-Federal Sources
GL 4620	Unobligated Funds Exempt From Apportionment
GLAC	General Ledger Account Code
JV	Journal Voucher
LoA	Line of Accounting
MBIT	Medical Bills In Theater
MDMR	Monthly Debt Management Report
MTF	Medical Treatment Facility
S&C	Standards and Compliance
SF 215	Deposit Ticket
SOP	Standard Operating Procedures
SPOT	Synchronized Pre-deployment and Operational Tracker
SRD1	STANFINS Redesign Subsystem 1
STANFINS	Standard Finance System
TMDS	Theater Medical Data Store
USD(AT&L)	Under Secretary of Defense (Acquisition, Technology & Logistics)
USD(C)	Under Secretary of Defense (Comptroller)
WWPMO	Warrior Pay Management Office

## **1. PURPOSE**

The purpose of this document is to define procedures for managing public receivables established as a result of providing medical support to contractors at non-fixed medical facilities in-theater (i.e. Iraq, Afghanistan, etc.). These procedures are based on a centralized concept of establishing the receivable, billing and managing debts, clearing the receivable and/or escalation of debt collection activity for unpaid receivables, and proper accounting of those transactions.

## **2. BACKGROUND**

These procedures were developed to respond to DoD Inspector General Report Number D-2009-078, Health Care Provided by Military Treatment Facilities to Contractors in Southwest Asia. In addition, this concept improves the completeness, supportability, and standardization of accounts receivable information reported for the Department of Defense (DoD). As a result, better management decisions can be derived from the enhanced receivable information reflected in the agencies' financial statements.

Medical treatment events information is retrieved from the Theater Medical Data Store (TMDS) for contractor employees who receive medical treatment from a deployed Military Service Medical Treatment Facility (MTF). Medical treatment events, hereafter referred to as medical encounters, data are analyzed and subjected to a series of Business Rules to mitigate the data risks and ensure proper information is used in the billing process. TMDS data are then submitted to the Synchronized Pre-deployment and Operational Tracker (SPOT) to align the medical encounters to prime contractor information residing in SPOT. The data returned from SPOT is uploaded into the Contract Debt System (CDS) for final bill preparation and debt tracking. DFAS assumes the responsibility for generating the monthly medical billings from CDS, monitoring the debt status to follow-up on outstanding bills, and performing all accounting and reporting requirements for these medical encounters.

## **3. REFERENCES**

Title 10, United States Code §1079(b)  
DFARS Clause 252.225-7040

## **4. RECISSIONS**

None.

## **5. RESPONSIBILITIES**

Each participating organization will be responsible for implementing, controlling, and supervising the procedures identified in this SOP.

### **5.1. RECEIVABLE ESTABLISHED (INTERFACE) PROCESS:**

5.1.1. DFAS S&C-A/R will be responsible for:

- a. Obtaining the necessary data from the Theater Medical Data Store (TMDS), and providing the Synchronized Pre-deployment and Operational Tracker (SPOT) with that data in the proper formats, files and timeframes.
  - i. On a weekly basis, TMDS will provide to the DFAS Wounded Warrior Pay Management Office (WWPMO) the agreed upon data reflecting medical treatment provided to contractors at deployed MTFs in Southwest Asia.
  - ii. WWPMO places the data in a restricted secure folder on the DFAS Corp2 server for consolidation by DFAS S&C-A/R.
  - iii. DFAS S&C-A/R will review the TMDS data, validating it against a series of Business Rules to ensure it is proper for billing. The “TMDS Data Integrity Business Rules” apply specific checks to remove duplicate records and match “Inpatient” and “Outpatient” encounters with appropriate dates (encounter dates and discharge dates) before it is prepared for submission to SPOT. (See Business Rules for Medical Billings in Theater, Attachment 1.)
  - iv. On the first of each month DFAS S&C-A/R places the consolidated TMDS data in a restricted secure folder on the AKO website.
  - v. Encounter records validated as duplicates, or requiring further research by Data Owners, are not included in the Import File for CDS; exception data are provided to the TMDS POC and Military Service POC for resolution.
- b. Processing the SPOT file, identifying errors and making corrections to data to create the Import File for CDS. (See Medical Billings In-Theater CDS Solution Process Map and Narrative, Attachment 2.)
  - i. SPOT will append the TMDS data with the agreed upon contractor information. This data

- will be placed back into a restricted secure folder on the AKO website.
- ii. DFAS S&C-A/R will retrieve the data from the AKO website.
  - iii. DFAS S&C-A/R will review the SPOT file, validating the data against specific Business Rules for inconsistent and/or duplicate data, for example,
    - 1) remove any encounter duplicates added to the file by SPOT;
    - 2) identify encounters where the patient was not found in SPOT; remove these encounters from the file and provide them to the data owners for possible resolution;
    - 3) identify encounters where the patient is found in SPOT but a contract is not identified; remove these encounters from the file and provide them to the data owners for possible resolution.
  - iv. Assisting DFAS-RO with correcting match type errors in the detail encounter records. (See Medical Billings In-Theater Data Exception Resolution Process Flow, Attachment 3.) Examples of match type errors are:
    - 1) CAGE Code not found in CCR table;
    - 2) MTF ID not found in MTF table;
    - 3) Contract number not found in EDA table.

## **5.2. RECEIVABLE BILLING PROCESS:**

- 5.2.1. DFAS-RO will be responsible for:
  - a. Reviewing the data generated for each Bill of Collection (BoC) account. Corrective actions in CDS (under User Role “MedicalMngmt”) include:
    - i. Updates to the LOA Table;
    - ii. Importing files into CDS with new/corrected MBIT records. For example, MBIT records with a non-DoD contract number, e.g. State Department or General Services Administration, need to be researched for proper required billing information using the

- Federal Procurement Data System (FPDS) to obtain the associated DUNS;
  - iii. Researching data in MBIT File against data in the Defense Medical Information System Identifier (DMIS ID) Table for information on Medical Treatment Facilities;
  - iv. MBIT records with errors that cannot be corrected (as in 5.1.1.b.iv above) are provided to Data Owners for possible resolution.
- b. Approving each bill prior to sending to the contractor/company. Reference detailed steps in the MBIT Desktop Procedures Guide (Attachment 4) to include
  - i. Validating fields of MBIT Record in CDS New Debt Table before changing Status Code to New Debt (ND);
  - ii. Retrieving and reviewing MBIT Record from Current Records Table;
  - iii. Generating a cover letter to the vendor/contractor;
  - iv. Attaching supporting documentation to debt record;
  - v. Navigating through MBIT screens in CDS.

### **5.3. RECEIVABLE MANAGEMENT PROCESS:**

#### 5.3.1. DFAS-RO will be responsible for:

- a. Managing the MBIT debts from the billing, through the reporting and resolution of aged receivables.
  - i. DFAS-RO will act as the initial focal point for contractor inquiries to answer general questions regarding information contained in MBIT bills;
  - ii. DFAS-RO will act as the initial focal point for answering general questions on the status of MBIT billings (i.e. billings and collections processed, billings in Dispute, billings in Litigation, and billings closed and/or written-off).
- b. Providing the Military Service(s) and USD(AT&L) POC a monthly report summarizing billing activities to include Bill of Collection (BoC #), contractor/vendor name, contract number, task order

number, amount billed, and any collections/offsets applied. (Sample report is provided at Attachment 5.)

- c.* Following existing debt management procedures if the bill is not paid within 30 days, unless the bill is placed in a Dispute (DISP) status caused by

  - i. Receipt of correspondence from the vendor, validating that the patient was not an employee of the “prime contractor” or sub-contractor;
  - ii. Requested validation of suspected incorrect billing amount, or receipt of corrected billing amount from the Data Owners;
  - iii. Validation of other incorrect billing information from the Data Owners.
  
- d.* Bills not paid after 30 days will be reviewed for generation of a Demand Letter, in accordance with current DoD FMR and FAR policy and procedures.
  
- e.* Bills not paid 30 days after the date of the Demand Letter (i.e. 60 days after date of original bill), will be processed according to current offset procedures. (Note: When the Centralized Offset Program (COP) is implemented, debts will be reviewed for offset eligibility 45 days after the date of the original bill.)
  
- f.* Debts greater than \$600 not paid 90 days after the date of the Demand Letter (i.e. 60 days delinquent) will be transferred to DFAS Columbus Debt Management Office (DMO) for further collection efforts.
  
- g.* Debts that have been determined invalid by the Military Service POC will be terminated (closed) with supporting documentation attached to the BoC record in CDS.
  
- h.* Assisting AROs and Departmental Site POCs with tracking outstanding debts in CDS will be an ongoing process; however, the Monthly Debt Management Report (MDMR) validation/reconciliation status review is waived for MBIT debts due to the unique billing and type of reimbursement being processed.

- i.* DFAS-RO will provide a monthly MBIT Departmental Accounting Report showing the count and amount of receivables reported in the proper aging category, with monthly detail lines showing the BoC, contractor name, contract number and amounts billed. Any collections processed during the month will also be reported. (Sample report is provided at Attachment 5.)

5.3.2. Military Service POCs are responsible for:

- a.* Acting as the focal point for resolving disputes. This entails reviewing disputed data and coordinating a final decision with AT&L contracting officers.
- b.* Responding to vendor/contractor inquiries regarding
  - i.* Employee/patient medical treatment received at MTFs.
  - ii.* Employee/patient insurance coverage by other plans (i.e. Workers' Compensation) , is not an issue for DoD, but if possible, information from Data Owners should be coordinated to help resolve issues between the vendor/contractor company and their insurance company.
- c.* Updating DFAS-RO on status and communication with contractors to ensure accurate record keeping in CDS.

5.3.3. USD(AT&L) Contracting Officers are responsible for:

- a.* Coordinating and resolving disputed billings with the Military Service POCs.
- b.* Assisting Military Service POCs with researching information from the TMDS and/or SPOT records.

**5.4. RECEIVABLE REPORTING PROCESS:**

5.4.1. DFAS-RO will be responsible for:

- a.* Creating the Monthly Receivables Data (MRD) Report for Line 23 (In Theater Medical Treatment Facilities) and providing monthly supporting detail to the appropriate departmental reporting entities.

- 5.4.2. DFAS Departmental Activities will be responsible for:
- a.* Creating a Journal Voucher (JV) to record the outstanding accounts receivable balances in DDRS. Each DFAS Center Departmental Reporting activity responsible for posting the monthly receivables will use the General Ledger Account Codes (GLACs) on Attachment 6, reversing the previous month's JV prior to entering the current month activity, as reported from Line 23 on the MRD Report.
  - b.* The collections from MBIT create current year funds available that are exempt from apportionment. Reporting the MBIT receivables only has a proprietary impact; however, when the collection is received, there is a budgetary impact on General Ledger Accounts 4266 (debit) and 4620 (credit) reporting proceeds for services provided.

## **5.5. RECEIVABLE COLLECTION PROCESS:**

- 5.5.1. DFAS-IN DISBURSING will be responsible for:
- a.* Receiving the payments from the vendor/contracting companies, including
    - i.* Processing MBIT collections through SRD1 under the appropriate LoA, as provided by each military service PoC;
    - ii.* Preparing the Cash Collection Voucher (DD 1131) and Deposit Ticket (SF 215) citing the LoA information received with payment, and providing copies of the DD 1131 to DFAS-RO as they are created;
    - iii.* Researching payments received without the LoA information from the vendor/contracting company will include cross-checking the payment against a worksheet of anticipated collections provided by DFAS-RO.
- 5.5.2. DFAS-RO will be responsible for:
- a.* Providing DFAS-IN Disbursing a monthly worksheet showing updated "anticipated collections" from MBIT receivables;

- b. Entering collection information in CDS based on information received on the DD 1131 from DFAS-IN Disbursing;
- c. Providing DFAS-IN Disbursing updated account processing codes (APCs) for MBIT collections citing respective services' LOA each fiscal year.

**5.6 REUSE OF FUNDS:**

- 5.6.1. Collections from MBIT, recorded as proceeds for receivables established for unobligated funds exempt from apportionment through obligation, are thus returned to the Service Component as current year "unfunded revenue."
- 5.6.2. Service Components are responsible for the proper use of these funds IAW Title 10, United States Code §1079(b).

Preparer: \_\_\_\_\_ Date \_\_\_\_\_  
 Accountant, S&C-A/R

Reviewer: \_\_\_\_\_ Date \_\_\_\_\_  
 Team Lead, S&C-A/R

Approving Authority: \_\_\_\_\_ Date \_\_\_\_\_  
 Director, S&C-A/R

Concur/Nonconcur:  
 DFAS-RO \_\_\_\_\_ Date \_\_\_\_\_

Concur/Nonconcur:  
 DFAS-IN Disbursing \_\_\_\_\_ Date \_\_\_\_\_

Concur/Nonconcur:  
 DFAS-IN Departmental \_\_\_\_\_ Date \_\_\_\_\_

Concur/Nonconcur:  
 DFAS-CL Departmental \_\_\_\_\_ Date \_\_\_\_\_

Concur/Nonconcur:  
 DFAS-CO Departmental \_\_\_\_\_ Date \_\_\_\_\_

Concur/Nonconcur:  
US Army \_\_\_\_\_ Date \_\_\_\_\_

Concur/Nonconcur:  
US Air Force \_\_\_\_\_ Date \_\_\_\_\_

Concur/Nonconcur:  
US Navy \_\_\_\_\_ Date \_\_\_\_\_

Concur/Nonconcur:  
USD(AT&L) \_\_\_\_\_ Date \_\_\_\_\_

Concur/Nonconcur:  
USD(Comptroller) \_\_\_\_\_ Date \_\_\_\_\_