



Medicare Application Fee Factsheet

Statutory Requirement. Section 6401(a) of the *Affordable Care Act* requires the Secretary to impose a fee on each “institutional provider of medical or other items or services and suppliers.” The statute specifies the amount of the application fee and the formula to be used for annual updates based on changes in the Consumer Price Index.

Application Fee Amount & Who Pays. The application fee in calendar year 2011 is \$505.00. The fee is to be imposed on newly-enrolling and re-validating institutional providers and suppliers beginning March 25, 2011. The Centers for Medicare & Medicaid Services (CMS) has defined, “institutional provider” to mean any provider or supplier that submits a paper Medicare enrollment application using the CMS-855A, CMS-855B (except physician and non-physician practitioner organizations), or CMS-855S or associated Internet-based PECOS* enrollment application.

Fee Usage. According to the *Affordable Care Act*, the application fee will be used to cover the cost of program integrity activities including provider screening associated with provider enrollment processes. The pre-enrollment screening of providers and suppliers is an essential tool in CMS’ effort to fight fraud and abuse in the Medicare program and assure the cost effective use of taxpayer dollars. The end result of a more rigorous screening process will be the establishment of greater “front door” controls on the outflow of Medicare dollars. It well established that keeping questionable parties out of Federal programs is the most effective method of curbing losses due to fraud and abuse.

Payment Vehicle. In order to meet the requirements of the new law, CMS has partnered with the U.S. Department of Treasury to develop a process by which institutional providers and suppliers may submit their application fee electronically. The Treasury Department operates a secure web-based application called Pay.gov (www.pay.gov) which allows end users to fill out and submit forms online as well as make online payments to government agencies by credit card or by debit from their checking or savings account. Pay.gov is a secure system. It uses 128-bit SSL encryption to protect a user’s transaction information while he/she is logged in to the system. In addition, any account numbers users set up in their profile are encrypted before being stored in the database. When users accesses their profile, any account numbers they entered will be masked on-screen; each account number in their profile will be displayed as a group of asterisks followed by the last four digits of the account number.

CMS’s Use of Technology. CMS strongly encourages newly-enrolling and re-validating institutional providers and suppliers to use Pay.gov because of its security, convenience and simplicity. Upon paying the application fee, providers and suppliers will receive an electronic receipt which they can print right from the Pay.gov website. The new payment method eliminates possible confusion in the paper check submission and receipt notification process. Providers and suppliers will be able to make electronic payments of the new Medicare application fee using Pay.gov effective March 25, 2011. Look for future enhancements.

* Provider Enrollment, Chain and Ownership System