

Chapter 3

Section 4

Lost, Stolen, Stale-Dated, Damaged, Misdirected, Or Returned Payments

Revision: C-104, December 23, 2021

1.0 STALE-DATED CHECKS AND RETURNED ELECTRONIC FUNDS TRANSFERS (EFTS)

1.1 The contractor shall, for stale-dated checks, submit a TRICARE Encounter Data (TED) record(s) cancellation within 60 days after the 120 day stale-date on a no-less-than monthly basis.

1.2 The contractor shall, for returned EFTs, immediately issue a check utilizing the same Fiscal Yearly (FY) bank account used for the returned EFT payment. The contractor shall not update the TED record. The contractor shall not request an "authorization to release payment" action from the Defense Health Agency (DHA) Budget Officer. If the contractor is unable to use the same FY bank account, then the contractor shall cancel the TED Record associated with the returned EFT payment and submit a new TED Record for the check payment following all underwritten or non-underwritten (as applicable) TED data submission requirements and check release procedures outlined in Section G of the contract.

1.3 For returned EFTs, the contractor is authorized to reissue payment from a Prior Year (PY) bank account provided the account is still available for use and a TED Record update is not required.

2.0 REQUEST FOR REPLACEMENT CHECKS

2.1 Requests Received Prior To The Check Payment Reaching The Stale-Date

2.1.1 When the contractor receives a request (written, electronic or by phone) from a payee requesting reissuance of a check prior to stale-date, the contractor shall issue a replacement check, provided the payee provides the following:

- A description of the circumstances for the loss, destruction or non-receipt of the check (if known), and
- The damaged check, or certification from payee (written, electronic or verbal) they will destroy the damaged check (if available), and
- A request for new payment to be issued, and
- A certification (written, electronic or verbal) stating they will not present the original check, if found, for payment after requesting a check to be reissued, and they will void the original check.

2.1.2 The contractor shall cancel payment on the lost or damaged check prior to reissuing a new check. If the damaged check is returned to the contractor uncashed, then the contractor is not required to order a stop payment.

2.1.3 The contractor shall reissue payment from the account payment was originally issued from. If the contractor is unable to use the same FY bank account, then the contractor shall cancel the TED Record associated with the returned EFT payment and submit a new TED Record for the check payment following all underwritten or non-underwritten (as applicable) TED data submission requirements and check release procedures outlined in Section G of the contract.

2.1.4 The contractor shall not, if using the same FY bank account, submit a TED record update or request an “authorization to release payment” from the DHA Budget Officer.

2.1.5 If the replacement payment request is related to:

- Temporary or permanent payment suspension, refer to [Chapter 13, Section 5](#).
- Contractor loss of funds, refer to [paragraph 3.0](#).

2.2 Requests Received After The Check Payment Has Stale-Dated

2.2.1 The contractor shall follow their standard business practices when reissuing a payment.

2.2.2 The contractor shall allow the payee to have six years after the ORIGINAL check stale-dated to request a replacement check or to refile their previously paid claim (depending on the contractor’s business practices). If a payment has been reissued and lost, the six year period does not start over. The contractor shall reject requests received after the sixth year.

2.2.3 The contractor shall, when reissuing payment:

- Follow all underwritten or non-underwritten (as applicable) TED data submission requirements and check release procedures outlined in Section G of the contract.
- For non-underwritten payment(s) - use the current fiscal year bank account assigned to the contractor for non-underwritten payments.
- For underwritten payment(s) - use the Contract Line Item Number (CLIN) used to make the original payment. If closed or payment was issued by a previous contractor, then the contractor shall use the current fiscal year bank account for non-underwritten payments.

2.2.4 The contractor shall, if the claim history is not available, submit a request check release approval to DHA/Contract Resource Management (CRM). The contractor shall ensure supporting documentation includes:

- The original check (if available), and
- The sponsor’s Social Security Number (SSN), and
- The payee’s Tax Identification Number (TIN) if sponsor is not payee, and

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- A copy of the Explanation of Benefits (EOB) (if available) or other documentation showing the computation and payment of the original check, and
- The check, a copy, or statement of loss or non-receipt.

2.2.5 If the replacement payment request is related to:

- Temporary or permanent payment suspension, refer to [Chapter 13, Section 5](#).
- Contractor loss of funds, refer to [paragraph 3.0](#).

2.3 Replacement Payments To Legal Representatives

2.3.1 Legal Representative Of Estate Of Decedent

2.3.1.1 The contractor shall, when making a payment to the legal representative of the estate of a decedent:

- If payment is made by check, issue a check to the person concerned with an additional line stating "For the estate of _____".
- If payment is made by EFT, issue payment to the person concerned with "For the estate of _____" statement added to the ADDENDA RECORD (7 Record, Field 3, Positions 4-83).

2.3.1.2 The contractor shall not make the check or EFT payable to the "estate of" a decedent, nor to a deceased person. The contractor shall deliver payment to the named payee's address of record.

2.3.2 Committee or Guardian

The contractor shall, with the properly filed legal documents, make payments to legally appointed committee, guardian, or other legal representative of a mentally incompetent payee.

2.3.3 Power of Attorney (POA)

2.3.3.1 The payee may authorize another person to receive payment by execution of a specific POA that clearly states the holder is entitled to receive the payment on the payee's behalf. The person receiving the payment signs his or her own name on the voucher followed by the words "Attorney-in-Fact for" and the name of the person granting the POA.

2.3.3.2 The contractor shall verify the identity of the holder and retain a copy of the POA documentation.

2.3.3.3 The contractor shall, after verifying the POA, honor a check presented under POA on behalf of the payee.

2.4 Reporting Requirements

2.4.1 The contractor shall, for a voided or stale-dated payment in excess of \$10, submit a TED record credit voucher in accordance with the TRICARE Systems Manual (TSM), [Chapter 1, Section 1.1](#). If

the payment was issued using a manual voucher, the contractor shall submit credit as a similar manual voucher.

2.4.2 The contractor shall for voided/stale-dated payments of \$10.00 or less, either:

- Affect a credit voucher for the check in accordance with [paragraph 2.4.1](#), or
- Include a memorandum record with the Non-Underwritten Funds Bank Account Reconciliation Report supporting the under \$10 voided or stale-dated transactions reported.

2.4.3 The contractor shall, when reissuing payment for a previously voided or stale-dated payment, submit a TED record or manual voucher (as appropriate). If the payment has not voided or stale-dated, then the contractor shall not submit a TED record or manual voucher.

2.4.4 The contractor shall report the reissuance using the same procedure used to report the original payment.

2.5 Other Instructions To The Contractor

The contractor shall process all payment reissue requests within 15 business days.

3.0 CONTRACTOR LOSS OF FUNDS WHILE MAKING PAYMENTS

3.1 The contractor shall properly safeguard all Government funds entrusted to them until the funds are either returned to the Government or paid to the authorized payee.

3.2 The contractor shall be financially liable for all amounts collected on behalf of DHA until deposited into the Federal Reserve Bank (FRB) or paid to DHA and for all amounts billed to DHA or drawn by them from the FRB for health care cost reimbursement until paid to the authorized payee.

3.3 Requirements under [paragraph 3.0](#) do not apply to individual claims for lost, damaged or misdirected payments covered under [paragraphs 1.0](#) and [2.0](#). If the contractor is uncertain a loss is covered under [paragraph 3.0](#), the contractor shall contact DHA, CRM for determination.

3.4 The contractor shall notify DHA CRM within two business days of any loss or suspected loss of DHA funds, examples include but are not limited to:

- ACH or EFT payments were attempted by the contractor but were intercepted by persons other than the authorized payees prior to arriving at the address (electronic) provided by the payee, or
- Unauthorized payments were made due to contractor error (e.g., duplicate payment files sent out, test files resulting in actual payment, data breaches, etc.).
- Payments made by the contractor expressly prohibited under the terms of the contract.
- Funds entrusted to the contractor were embezzled or stolen by a third party.

3.5 The contractor shall refund to the DHA:

- Payments made by the contractor expressly prohibited under the terms of the contract, and
- All lost or misdirected collections made on behalf of DHA, and
- All funds related to lost or misdirected health care payments reimbursed by DHA, and
- All unauthorized amounts drawn on the U.S. Treasury, and
- All funds embezzled or stolen by a third party, and
- All amounts directed by DHA, CRM and authorized under [paragraph 3.0](#).

within five business days after loss identification.

3.6 The contractor shall, for underwritten and non-underwritten claims, cancel all associated TED record payment data submitted to DHA within five business days after loss identification.

3.7 The contractor shall, for non-underwritten payments, deposit an amount equal to the amount drawn on the U.S. Treasury by unauthorized individuals. Cancellation of underwritten claims in accordance with [paragraph 3.2](#) will result in the return of funds to DHA via payment offset.

3.8 The contractor shall cancel payment on any uncashed checks associated with the misdirected payments.

3.9 If the funds are not returned to DHA within five business days, DHA will charge interest and a penalty beginning the third business day after the loss of DHA funds is identified and interest will continue until the contractor returns the missing funds to DHA. Interest will accrue daily and is based on the Treasury Current Value of Funds Rate. The penalty is a one-time payment and is based on the penalty rate in the Code of Federal Regulations (CFR), Title 31, Chapter IX, paragraph 901.9. DHA-CRM may initiate immediate payment offset against any payments to the contractor involved for the interest, penalties and any unpaid amount due DHA.

3.10 After the funds have been returned to the DHA and the contractor is confident the payments will arrive securely to the intended recipient, the contractor shall reissue payment to the authorized payees (as needed). If the contractor cannot reissue payment within 30 days of loss, the contractor shall notify the Contracting Officer (CO) for guidance.

3.11 The contractor may appeal its liability for the loss of funds to the CO if the contractor can demonstrate that the loss was caused by erroneous information provided to them by:

- TRICARE beneficiary, or
- TRICARE certified provider, or
- Department of Defense (DoD), or
- Department of Veterans Affairs (DVA), or
- Centers for Medicare and Medicaid Services (CMS).

If the loss occurred because of the actions taken by a federal agency not listed above, the contractor shall be liable for the loss to DHA, and the contractor shall pursue recovery of funds with the federal agency involved.

3.12 The contractor shall not be liable for payments;

- That are sent to the physical address specified by the payee and are subsequently lost or stolen.
- That arrive at the electronic address specified by the payee and are subsequently lost or stolen.
- Lost or stolen by a third party hired or appointed by the payee to process their payments (e.g. financial institution, collection agency, accounting billing services, employee, etc.).
- Lost due to erroneous information provided by the payee.

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