

Overpayments and Refund Requests

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Agenda

Define terms and establish context

Timing

Reasons

The Process

Appeals

Tips for Prevention

Tips for Navigating Recoupments

Defining the Terms

Recoupment

- To regain or recover

Automatic Recoupment

- The practice of recovering overpayments by reducing the amount of a subsequent payment.
- Also called "takeback", "offsetting", "refund request", "reduction", or "retraction"



The lesser of evils?

The effect of prompt payment laws



Federal Claims Collection Act

- Requires regional contractor to try to recoup or recover overpayments.



In insurance, timing is everything

Timeframes can vary widely- check the plan

Very General Rule: timeframes for recoupments often = timeframes for timely filing.



Reasons for Recoupments

- **Another insurance should have been primary**

- Changes to or termination of insurance coverage
- Accident insurance
- Worker's Comp
- Homeowner's insurance
- Medical insurance

- Human error

- Rendering provider not the contracted provider

Coding error

Incomplete information about primary payment

Incorrect payee

Unauthorized provider

Documentation doesn't support the code

Patient not eligible

Not medically necessary

The process (as an average)

WITH LETTERS:



1. The letter
2. Waiting period for responses (60-90 days)
3. If no response, automatic recoupment

WITHOUT LETTERS:



Scenario 1:

1. Notification via remittance of immediate recoupment

Scenario 2:

1. Notification via remittance of future recoupment
2. Waiting period (about 60 days)
3. Notification on a later remittance of the actual recoupment

- Offset future claims until the debt is paid
- No new claims within the waiting period? The amount goes to collections

Recognizing Recoupments

Codes

- Electronic: OA = Other Adjustments
- Paper: Payer-specific policy codes
- Both: Remarks

Recoupment effective on the current remittance

- WO = Withholding

Future recoupment

- FB = Forwarding Balance

Recoupments occur on the remit level

Appeals

Typically 1-3 provider and/or member appeals

Timeframe for appeals may be based on:

- Date of service
- Date of original payment
- Date of letter
- Date of recoupment

Check for appeal instructions on...

- The contract
- The remittance (EOB)
- The refund request letter
- The payer's website

Tips for prevention

Verification of coverage: What would an emergency room do?

Be proactive

- Offer refund
- If a check looks like an overpayment, don't cash it until you're sure

Bill promptly

- Avoids timely filing issues, helps ensure changes are within the same calendar year

Keep rendering providers updated with payers

Keep track of claims that cause recoupments- solve the root of the problem

Update payers when contact information changes



Tips for navigating recoupments

COMMUNICATE: Ask the payer about options

Check the plan and your payer contract

- Know the time limit for the recoupment and any appeals
- Can you bill the patient?

Respond quickly

If the original payment was in a previous year...

- The recoupment is a transaction in the current year

Tips for navigating recoupments, Part 2

Save documentation

- Refund request letters
 - For appeals and to reference the reason for recoupment
 - For contact information
- Explanation of Benefit (EOB) letters containing references to overpayments/recoupments.
 - Example: Payer sends details for a future adjustment on a remittance. The actual recoupment happens about 60 days later on a remittance that does not have the details.

Talk to the right department

- If you don't have a specific contact, call the general number and ask for the department for recovery/overpayment/recoupment.

Questions?
