HCFA Issues Form to Accompany Voluntary Overpayment Refunds

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Practice Area: Health Law & Healthcare Billing and Collection

The Health Care Financing Administration ("HCFA") recently issued a Program Memorandum to Medicare Carriers and Fiscal Intermediaries, which requires them to publish a new form to be used by any providers, physicians and suppliers who make voluntary overpayment refunds to the contractors. The form is specifically for use by providers who have Corporate Integrity Agreements ("CIAs") with the Office of Inspector General ("OIG"), and the OIG will be sending the form directly to all entities with whom it has a CIA. Nevertheless, HCFA has instructed contractors to inform all providers that, if they use the form when submitting a refund, "the monies would be credited timely and accurately." While the form certainly represents yet another message that providers are expected to look for and refund overpayments, it may also signal that the processing of overpayments will now be handled in a more routine fashion.

Form Requests Basic Information and a Reason Code

The new form requests basic information about the voluntary refund, including the provider name, address, telephone number, Medicare number, and a contact person. Providers should supply the patient's name and claim number, and the reason for the "claim adjustment." Reasons are provided in the form of a code, with only one code per claim involved. The codes include "corrected CPT code"; "modifier added/removed"; "billed in error"; and "other (please specify)," among others. Providers should also identify whether they have a CIA (contractors will review their list of providers with CIAs to confirm this information).

For claims where the provider used sampling to estimate the amount of overpayment, and therefore does not identify all of the specific claims involved, the form provides a line on which to describe the "statistical sampling . . . methodology and formula used to determine amount and reason for overpayment."

Contractors Will Report Refunds

From Providers With CIAs to HCFA Information collected using the new form will be used to create a report to HCFA regarding refunds received. It appears that the report will describe only refunds received from providers who have CIAs. Contractors will report the names, addresses, and dollar amounts refunded by providers with CIAs to the Division of Financial Integrity in the Office of Financial Management. It should be assumed that HCFA will then forward a copy of the report to the OIG.

Form Could Signal Routine Processing for Routine Refunds

Until the issuance of this form, providers tended to disclose information regarding overpayment refunds in whatever manner they believed appropriate for their situation. In some cases, providers have given lengthy explanations regarding the circumstances behind the refund. This form may herald the beginning of a more routine, and for some providers, less detailed and burdensome, method to return overpayments. Providers may be hopeful that processing the refunds will also be more routine. It is significant that only overpayment refunds made by providers with CIAs are reported to HCFA; overpayments made by other providers will apparently not be described in the new reports to HCFA or the OIG. (Of course, where there is an ongoing investigation or suspicion of fraud, contractors will continue to work with the OIG and the U.S. Attorney's office.)

When Should I Use the New Form?

Hospitals and other providers operating under effective compliance programs will regularly discover overpayments that should be refunded to Medicare. Depending on the age of the claim, and the nature of the overpayment, it may be possible to resubmit the claim, and thereby correct the error in the course of the regular billing correspondence with the Carrier or Fiscal Intermediary. However, in many cases, the claim(s) involved are older, or the circumstances of the overpayment are not amenable to being corrected in that way. In such a case, submitting an overpayment refund using the new form may be appropriate. On the other hand, if it appears that fraud or similar fault may be involved, a different approach should be used. Providers who believe that they have found errors or improper billing practices should consult with their attorneys to identify the applicable billing and reporting requirements, and to analyze the risks involved.

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