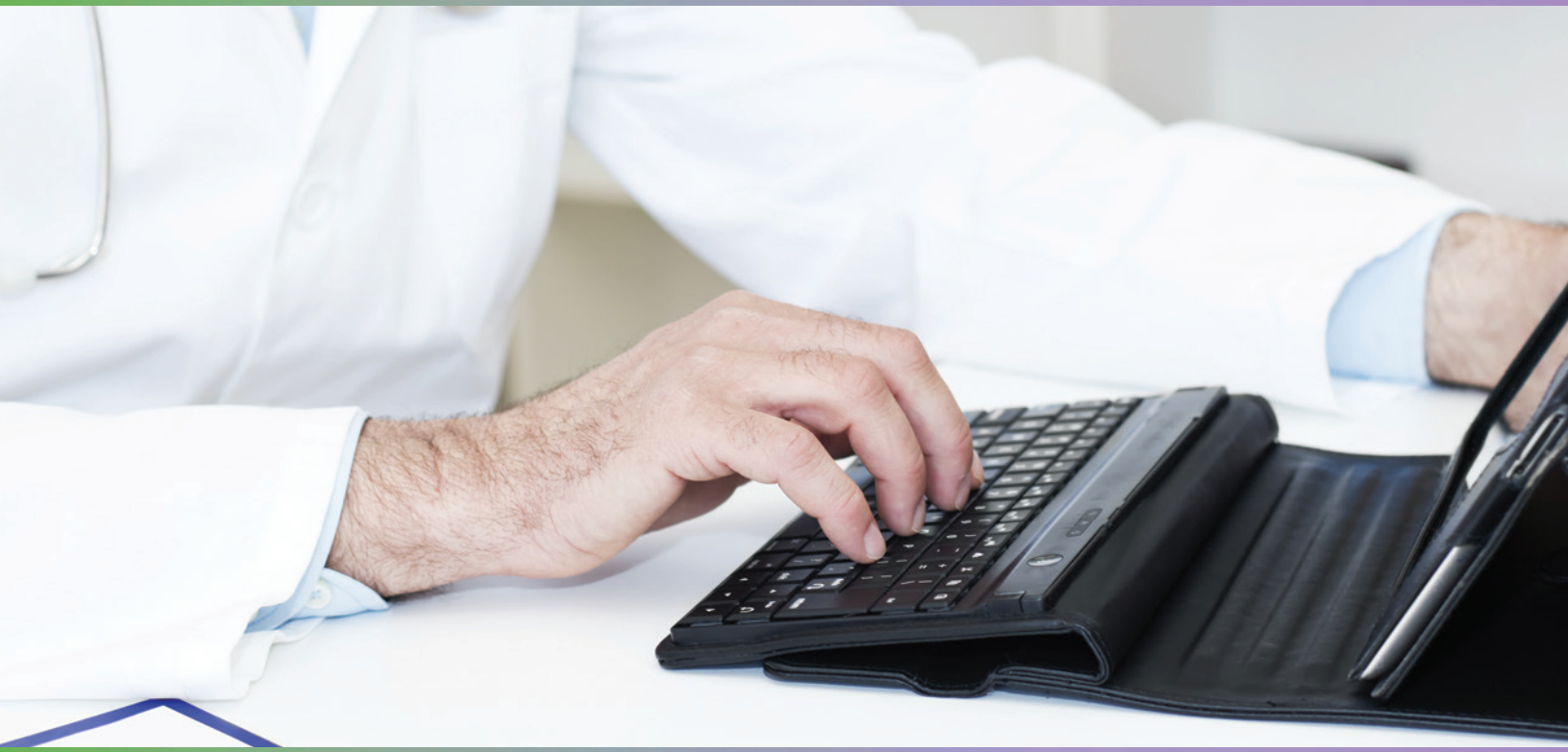


DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services



## The Medicare Overpayment Collection Process



This fact sheet is designed to provide education on the collection of Medicare provider and supplier overpayments. It includes:

- ❖ Definition of an overpayment;
- ❖ Overview of the overpayment collection process;
- ❖ Timeframes for the debt collection process for provider overpayments; and
- ❖ Resources.

**Please note:** The information in this publication applies only to the Medicare Fee-For-Service Program (also known as Original Medicare).



This fact sheet does not provide information about Medicare Secondary Payer (MSP) overpayments. MSP provisions apply to situations when Medicare is not the beneficiary's primary health insurance coverage. For more information on MSP recovery, visit <http://www.cms.gov/Medicare/Coordination-of-Benefits-and-Recovery/Coordination-of-Benefits-and-Recovery-Overview/Reimbursing-Medicare/Reimbursing-Medicare-.html> on the Centers for Medicare & Medicaid Services (CMS) website.

## Definition of a Medicare Overpayment

A Medicare overpayment is a payment that you received in excess of amounts properly payable under Medicare statutes and regulations. Once Medicare identifies an overpayment, the amount of the overpayment becomes a debt you owe to the Federal government. Federal law requires CMS to try and recover all identified overpayments.

In Medicare, overpayments commonly occur due to:

- ❖ Duplicate submission of the same service or claim;
- ❖ Furnishing and billing for excessive or non-covered services;
- ❖ Payment for excluded or medically-unnecessary services; or
- ❖ Payment to the incorrect payee.

### Application of Civil Monetary Penalties

Civil monetary penalties may apply if you know of an overpayment and do not properly report and return it. For more information, refer to Section 6402(d)(2)(A)(iii) of the Affordable Care Act at <http://www.gpo.gov/fdsys/pkg/PLAW-111publ148/pdf/PLAW-111publ148.pdf> on the Government Printing Office (GPO) website.

## The Overpayment Collection Process

When Medicare discovers an overpayment of \$10 or more, the Medicare Administrative Contractor (MAC) initiates the overpayment recovery process by sending an initial demand letter requesting repayment. A second and third demand letter is mailed 30 days after the most recent demand letter.

### What's New?

Effective July 7, 2014, the overpayment dollar threshold to send a demand letter will rise to \$25.

## Demand Letter From Your MAC

The demand letters explain:

- ❖ Medicare made an overpayment;
- ❖ Interest begins to accrue if you do not repay the overpayment in full within 30 days;

- ❖ Options to request immediate recoupment or an Extended Repayment Schedule (ERS); and
- ❖ Rebuttal/appeal rights.

## **Your Options Upon Receiving a Demand Letter**

You may choose among several options for responding to the initial demand letter. You can:

- ❖ Make an immediate payment;
- ❖ Request immediate recoupment;
- ❖ Request the standard recoupment process (Automatic Offset/Withholding);
- ❖ Request an Electronic Repayment Schedule (ERS);
- ❖ Submit a rebuttal; or
- ❖ Request a redetermination to appeal the overpayment.

## **Payment Options**

To repay the overpayment, you can submit immediate payment, request immediate recoupment, request the standard recoupment process, or request an ERS.

### **Immediate Payment**

Follow the directions in the demand letter to submit payment.

### **Request Immediate Recoupment**

Recoupment occurs when Medicare recovers overpayment from current payments due or from future claims

submitted. The withholding of interim payments may be partial (for example, a percentage of payments withheld or a set amount) or complete. You may request that your MAC begin this recoupment immediately by following the directions in the demand letter.

### **Request the Standard Recoupment Process**

You do not need to do anything to request the standard recoupment process. Your MAC will automatically begin recoupment according to the schedule in Figure 1. Note that interest may accrue according to the schedule in Figure 1.

### **Request an ERS**

If unable to pay the overpayment in full in the required timeframe, you can contact your MAC to request an ERS. Follow the directions in the demand letter to request an ERS.

## **Other Options**

### **Rebuttal**

You can submit a rebuttal statement to your MAC within 15 calendar days from the date of a demand letter. In your rebuttal statement, explain or provide evidence about why the MAC should not initiate recoupment. The rebuttal process is not considered an appeal and does not stop recoupment activities. However, the MAC promptly evaluates this information.

## Appeal

There are five levels in the Medicare Part A and Part B appeals process:

1. **Redetermination** by a MAC;
2. **Reconsideration** by a Qualified Independent Contractor (QIC);
3. **Hearing** by an Administrative Law Judge (ALJ) in the Office of Medicare Hearings and Appeals;
4. **Review** by the Medicare Appeals Council; and
5. **Judicial Review** in Federal District Court.

If you disagree with an overpayment decision, you can file an appeal with your MAC to conduct an independent review of the decision. A redetermination is the first level of appeals in which a qualified employee of the MAC conducts an independent review of the decision. Following an unfavorable or partially favorable redetermination decision, you can request a second level appeal or reconsideration by a QIC.

**Limitation on Recoupment:** Section 1893(f)(2)(a) of the Social Security Act provides limitations on the recoupment of Medicare overpayments. It requires that when a valid first or second level appeal is received on an overpayment, subject to certain limitations, CMS and MACs cannot recoup the overpayment until the decision on the redetermination and/or

reconsideration. This affects the timeframes on recoupment. For more information, refer to Medicare Learning Network® (MLN) Matters® Article “Limitation on Recoupment (935) for Provider, Physicians and Suppliers Overpayments” at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM6183.pdf> on the CMS website.

For more information about appeals, including the requirements for filing an appeal and contact information, refer to “The Medicare Appeals Process” at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/MedicareAppealsProcess.pdf> on the CMS website.

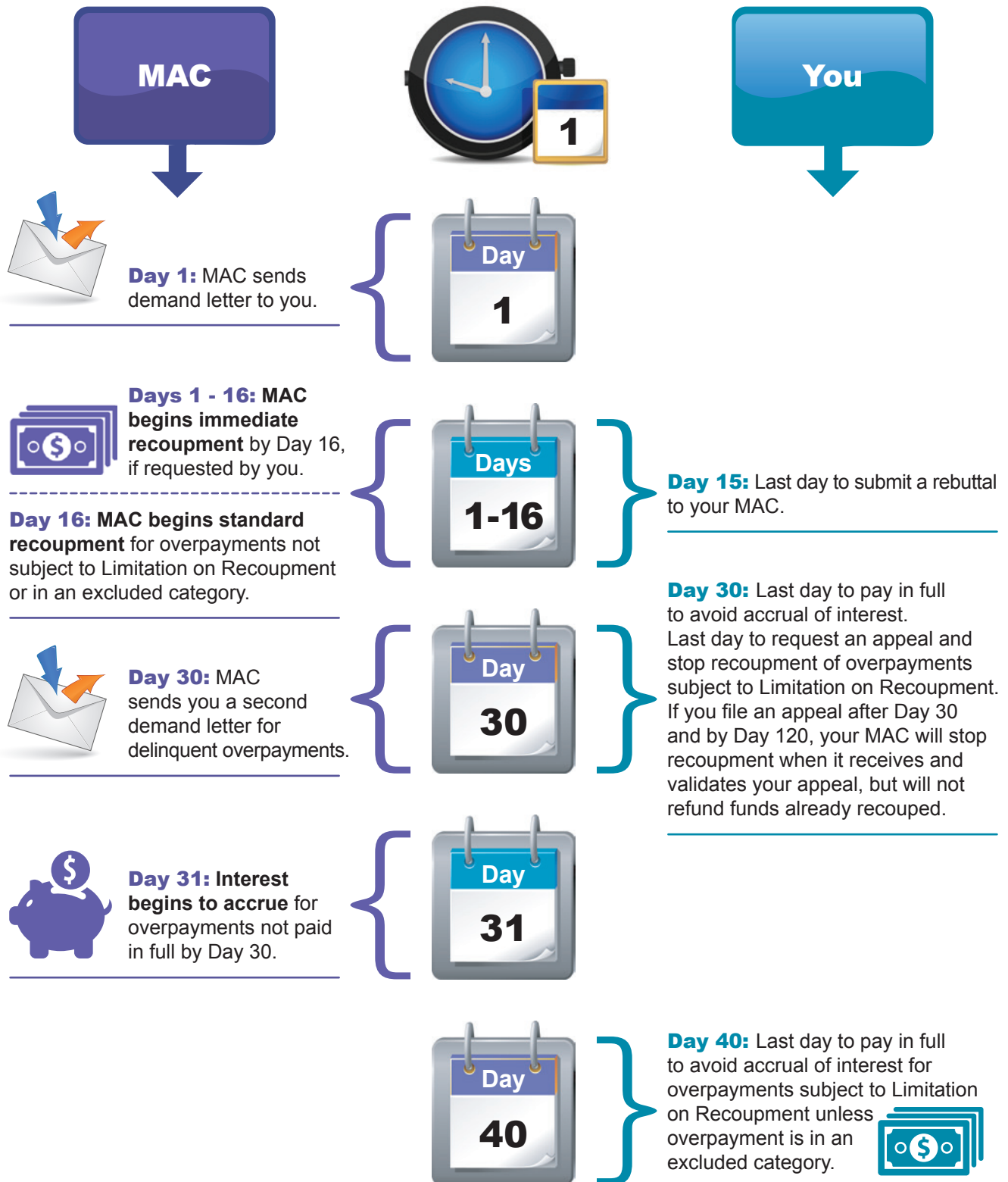
## Timeframes for Debt Collection Process for Provider Overpayments

Figure 1 includes the timeframes for overpayment debt collection activities. It describes how overpayment collection differs for overpayments subject to the Limitation on Recoupment. It also notes when an action may not apply if an overpayment is in an excluded status. Examples of excluded status include:

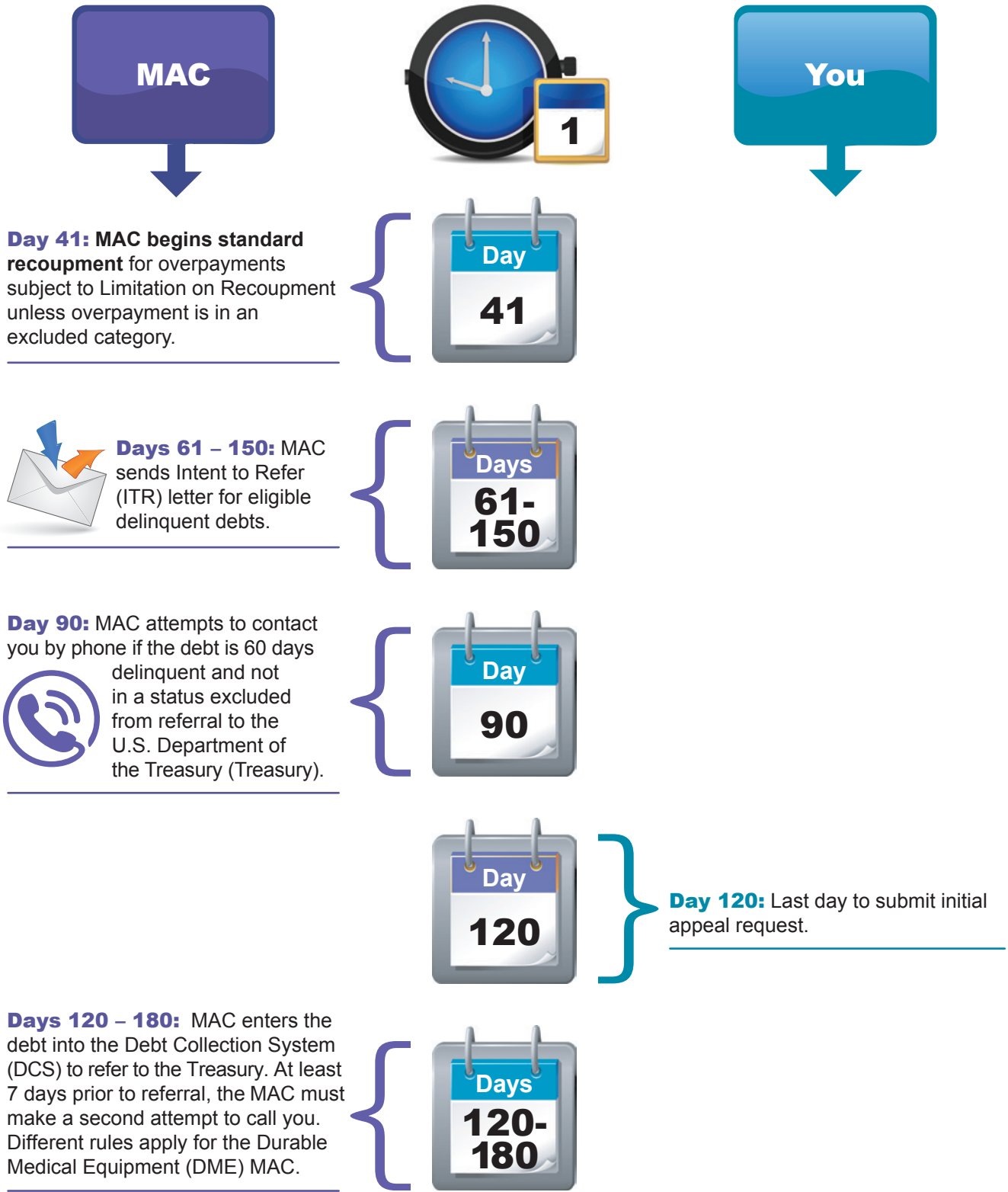
- ❖ Requested or approved ERS;
- ❖ Appeal; or
- ❖ Bankruptcy.



# Figure 1. Overpayment Debt Collection Timeline



**Figure 1. Overpayment Debt Collection Timeline (cont.)**



## Resources

You can find resources to learn about compliance to help you avoid overpayments at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/ProviderCompliance.html> on the CMS website, or click on the Quick Response (QR) code on the right. Table 1 contains additional resources for information.



**Table 1. Resource Table**

Resource	Website
MAC Contact Information	<a href="http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/Review-Contractor-Directory-Interactive-Map">http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/Review-Contractor-Directory-Interactive-Map</a>
“Medicare Claims Processing Manual” – Publication 100-04, Chapter 34	<a href="http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c34.pdf">http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c34.pdf</a>
“Medicare Financial Management Manual” – Publication 100-06, Chapters 3 and 4	<a href="http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Internet-Only-Manuals-IOMs-Items/CMS019018.html">http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Internet-Only-Manuals-IOMs-Items/CMS019018.html</a>
“MLN Guided Pathways: Basic Medicare Resources for Health Care Professionals, Suppliers, and Providers” booklet	<a href="http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNEdWebGuide/Downloads/Guided_Pathways_Basic_Booklet.pdf">http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNEdWebGuide/Downloads/Guided_Pathways_Basic_Booklet.pdf</a>
MLN Matters® Article MM6183 “Limitation on Recoupment (935) for Provider, Physicians and Suppliers Overpayments”	<a href="http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM6183.pdf">http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM6183.pdf</a>
“Resources for Medicare Beneficiaries”	<a href="http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/BenePubFS-ICN905183.pdf">http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/BenePubFS-ICN905183.pdf</a>



This fact sheet was current at the time it was published or uploaded onto the web. Medicare policy changes frequently so links to the source documents have been provided within the document for your reference.

This fact sheet was prepared as a service to the public and is not intended to grant rights or impose obligations. This fact sheet may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations, and other interpretive materials for a full and accurate statement of their contents.

The Medicare Learning Network® (MLN), a registered trademark of CMS, is the brand name for official information health care professionals can trust. For additional information, visit the MLN's web page at <http://go.cms.gov/MLNGenInfo> on the CMS website.

Your feedback is important to us and we use your suggestions to help us improve our educational products, services and activities and to develop products, services and activities that better meet your educational needs. To evaluate Medicare Learning Network® (MLN) products, services and activities you have participated in, received, or downloaded, please go to <http://go.cms.gov/MLNProducts> and in the left-hand menu click on the link called 'MLN Opinion Page' and follow the instructions. Please send your suggestions related to MLN product topics or formats to [MLN@cms.hhs.gov](mailto:MLN@cms.hhs.gov).

Check out CMS on:

