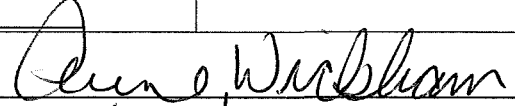


**SWMBH Operating Policy 9.2**

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|--|--|--|--|---------------------------------|---------------------|
| <b>Subject:</b><br>Claims Overpayments   |  | <b>Accountability:</b><br>Operations/Claims  | <b>Effective Date:</b><br>01/01/2014   | Pages: 3                        |                     |
| <b>REQUIRED BY:</b><br>BBA Section <u>42 CFR 433.300, 433.312, 433.316, 433.310, 433.322, 45 CFR 92.42</u><br>PIHP Contract Section _____<br>NCQA/URAC Standard _____<br>SA SARF _____<br>Other Section <u>1903(d)(2)(C) of Social Security Act</u>  |  |  | Last Reviewed Date:<br>9/7/16  | Past Reviewed Dates:<br>6/18/15 |                     |
| <b>LINE OF BUSINESS:</b><br><input checked="" type="checkbox"/> Specialty Waiver (B/C)<br><input checked="" type="checkbox"/> I Waiver<br><input checked="" type="checkbox"/> Healthy Michigan<br><input checked="" type="checkbox"/> SUD Medicaid<br><input checked="" type="checkbox"/> SUD Community Grant<br><input checked="" type="checkbox"/> MI Health Link<br><input type="checkbox"/> OTHER: _____ |  | <b>APPLICATION:</b><br><input checked="" type="checkbox"/> SWMBH Staff and Ops<br><input checked="" type="checkbox"/> Participant CMHSPs<br><input checked="" type="checkbox"/> SUD Providers<br><input checked="" type="checkbox"/> MH / DD providers<br><input type="checkbox"/> DD providers<br><input type="checkbox"/> Other: _____ |  | Last Revised Date:<br>6/18/15   | Past Revised Dates: |
| Approved: <u></u><br>Date: <u>9/12/16</u>   |  |  | Required Reviewer:<br>Director of Operations; Chief Compliance & Privacy Officer |                                 |                     |

**I. Purpose**

To establish a standard policy on the identification and processing of overpayments for a Provider. A Medicaid overpayment occurs where the Medicaid payment exceeds what should have been paid. Examples of situations in which a Provider is liable for an overpayment are as follows:

- ❖ The patient was not eligible for Medicaid at the time the services was provided
- ❖ Medicaid has made a payment where there was another responsible payer
- ❖ The services were not Medicaid-covered
- ❖ The services were covered but not medically necessary
- ❖ Medicaid was the responsible payer for a medically-necessary, covered service but the payment amount was incorrect and excessive.
- ❖ Due to a mathematical or clerical error
- ❖ Southwest Michigan Behavioral Health (SWMBH) paid for services that the Provider should have known were not covered

This process initiates when the following occurs:

- ❖ The provider submits notification indicating an overpayment exists
- ❖ An overpayment is identified as a result of an internal claim audit analysis by payor

**II. Policy Summary**

In accordance with State and Federal Guidelines for the recovery of overpayment to providers, the SWMBH claims staff will initiate recovery of overpayments for providers that were a result of a number of scenarios, including, but not limited to the following:

- ❖ Overpayments made to providers that are discovered by SWMBH
- ❖ Overpayments made to providers that are initially discovered by the provider and made known to SWMBH.

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- ❖ Overpayments that are discovered through external agency audit.

SWMBH will recover or attempt to recover any overpayment. Notification of an overpayment to provider will be done in writing with reasonable actions to attempt to recover the overpayments. Once SWMBH has identified an overpayment and has captured the appropriate documentation that addresses the overpayment (i.e. cost report, provider correspondence, claim audit details, etc.), SWMBH will maintain a separate record of all overpayment activities for each provider in a manner that satisfies the 3-year retention and access requirements.

### III. Standards and Guidelines

Claims Processor handling potential overpayment via Claims System

1. The claims processor will review the claim history for member to confirm overpayment
2. If overpayment exists, go to step 5
3. If no overpayment exists, go to Step 4
4. The processor will document findings within claim system that claims review did not confirm an overpayment and close out case.
5. Adjust or deny the claim per claim adjustment guidelines and note the reason for denial. The reason for denial will always be noted for denials that are a result of a compliance audit.
6. For providers that do not have a regular claim history with SWMBH or the overpayment amount is considered high dollar, go to Step 7. For providers that submit claims on a regular basis, adjust the claim and apply any negative adjustment to claim. (Note: Claims processor will determine if provider submits claims on a regular basis after review of previous claim history for Provider). The negative adjustment will be removed once future claims are offset and overpayment amount is satisfied. If overpayment amount is not met within 30 days, a demand letter will be issued.
7. Issue overpayment demand letter to provider that includes the following details:  
(42 CFR 433.316)
  - That an overpayment was made
  - The interest will begin to accrue if the overpayment is not paid in full within 30 days
  - The name and member identification number of the member/patient involved
  - How the overpayment was calculated
  - Why it is liable for recovery of overpayment (i.e. the reasons for finding the provider at fault)
  - That recoupment of the overpayment from all available payment is occurring
  - A reference to the appeals rights in the remittance advice
8. Document in the claim notes the overpayment and claims Comments box.
9. Gather the following documentation to create a hard copy file to be given to the Corporate Compliance Department for possible compliance investigation.
  - a) Claim notes
  - b) Copy of claim
  - c) Copy of cost report, cashed check, email, etc.

### IV. Definitions

#### Discovery

Identification by any State Medicaid agency official or other State official, the Federal Government, or the provider of an overpayment, and the communication of that overpayment finding or the initiation of a formal recoupment action without notice.

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### Provider

Any individual or entity furnishing Medicaid Services under a provider agreement with the Medicaid Agency.

### Overpayment

Amount paid by a Medicaid agency to a provider which is in excess of the amount that is allowable for services furnished under section 1902 of the Act and which is required to be refunded under section 1903 of the Act.

### Recoupment

Any formal action by the State or its fiscal agent to initiate recovery of an overpayment without advance official notice by reducing future payments to a provider.

## **V. References**

42 CFR; 433.300

42 CFR 433.304

42 CFR 433.312

42 CFR 433.316

Section 1903(d)(2)(C) and (D) of the Social Security Act

42 CFR 433.310

42 CFR 433.322-Maintenance of Records

45 CFR 92.42-Retention and Access Requirements for Records

## **VI. Attachments**

None