



Reporting of Recoupment for Overpayment on the Remittance Advice (RA) – JA6870

Note: JA6870 was revised to add a link to MM7499 (<http://www.cms.gov/MLN MattersArticles/downloads/MM7499.pdf>) to alert providers that Medicare contractors will be using the Patient Control Number as received on the original claim rather than the HIC number when reporting recovery of an overpayment on the Electronic Remittance Advice. This applies to the 005010A1 version of ASCx12 Transaction 835 only and not to the Standard Paper Remit or the 004010A1 version. All other information is the same.

Related CR Release Date: June 9, 2011 **Revised**

Date Job Aid Revised: September 21, 2011

Effective Date: July 1, 2010

Implementation Date: July 6, 2010

Key Words	MM6870, CR6870, R906OTN, Recoupment, Overpayment, RA
Contractors Affected	<ul style="list-style-type: none"> • Medicare Carriers • Fiscal Intermediaries (FIs) • A/B Medicare Administrative Contractors (A/B MACs)
Provider Types Affected	Physicians, providers, and suppliers submitting claims to carriers, FIs, and/or A/B MACs for services provided to Medicare beneficiaries are affected. Suppliers billing Durable Medical Equipment (DME) MACs are not affected.



CR 6870 instructs Medicare System Maintainers (FI Standard System – FISS and Multi Carrier System – MCS) how to report recoupment when there is a time difference between the creation and the collection of the recoupment.

How Medicare System Maintainers Will Report Recoupment for Overpayment on the RA

- The refund request is sent to the debtor in the form of an overpayment demand letter, and the demand letter includes an Internal Control Number (ICN) or Document Control Number (DCN) for tracking purposes that is also reported on the RA to link back to the demand letter.

Two Steps to Report the How Recoupment Will be Reported on the RA

- The Recovery Audit Contractor (RAC) has to report the actual recoupment in two steps.

Step I: Reversal and Correction to Report the New Payment and Negate the Original Payment (actual recoupment of money does not happen here)

Claim Level

- The original payment is taken back and the new payment is established.

Provider Level

- PLB03-1 – PLB reason code FB (Forward Balance)
- PLB 03-2 shows the detail:
 - **Part A:** PLB-03-2;
 - 1-2: CS;
 - 3-19: Adjustment DCN#;
 - 20:30: HIC#;
 - **Part B:** PLB-03-2;
 - 1-2: 00;
 - 3-19: Adjustment ICN#; and
 - 20-30: HIC#.
- PLB04 shows the adjustment amount to offset the net adjustment amount shown at the claim level. If the claim level net adjustment amount is positive, the PLB amount would be negative and vice versa.

Step II: Report the Actual Recoupment

Claim Level:

- There is no claim level reporting at this step.

Provider Level:

- PLB03-1 – PLB reason code WO (Overpayment Recovery);
- PLB 03-2 shows the detail:
 - **Part A:** PLB-03-2;

Provider Needs to Know...

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- 1-2: CS;
 - 3-19: Adjustment DCN#;
 - 20-30: HIC#;
 - **Part B:** PLB-03-2;
 - 1-2: 00;
 - 3-19: Adjustment ICN#; and
 - 20-30: HIC#.
 - PLB04 shows the actual amount being recouped.
 - CMS has decided to follow the same reporting protocol for all other recoupments in addition to the 935 RAC recoupment mentioned above.

Reporting Protocol For All Other Recoupments

- CMS has decided to follow the same reporting protocol for all other recoupments in addition to the 935 RAC recoupment mentioned above.
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Background

- In the Tax Relief and Health Care Act of 2006, Congress required a permanent and national RAC program to be in place by January 1, 2010.
 - The goal of the RAC Program is to identify improper payments made on claims of health care services provided to Medicare beneficiaries.
 - The RACs review claims on a post-payment basis, and they can go back three years from the date the claim was paid.
 - To minimize provider burden, the maximum look back date is October 1, 2007.
 - The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA; Section 935) amended the Social Security Act (Title XVIII) and added to Section 1893 (The Medicare Integrity Program) a new paragraph (f) addressing this process.
 - Section 1893 can be reviewed at http://www.ssa.gov/OP_Home/ssact/title18/1893.htm on the Internet.
 - The statute requires Medicare to change how certain overpayments are recouped.
 - These new changes to recoupment and interest are tied to the Medicare fee-for-service claims appeal process and structure.
 - Recoupment (under the provisions of Section 935 of the MMA) can begin no earlier than the 41st day from the date of the first demand letter, and can happen only when a valid request for a redetermination has not been received within that period of time.
 - For details, see the MLN Matters® article related to CR6183 at <http://www.cms.gov/MLN MattersArticles/downloads/MM6183.pdf> on the Centers for Medicare & Medicaid Services (CMS) website.
 - Recovered amounts reduce the total payment and are clearly reported in the
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Remittance Advice (RA) to providers.

- CMS has learned that it is not providing enough detail currently in the RA to enable providers to track and update their records to reconcile Medicare payments.
- The Front Matter 1.10.2.17 – Claim Overpayment Recovery – in American Standard Code X12N/005010X221 provides a step-by-step process regarding how to report in the RA when funds are not recouped immediately, and a manual reporting (demand letter) is also done.
- CMS is instructing the Medicare System Maintainers (Fiscal Intermediary Standard System – FISS and Multi Carrier System – MCS) how to report on the RA when:
 - An overpayment is identified, and
 - Medicare actually recoups the overpayment.

Operational
Impact

N/A

Reference
Materials

The related MLN Matters® article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6870.pdf> on the CMS website.

The official instruction (CR6870) regarding this change may be viewed at <http://www.cms.hhs.gov/Transmittals/downloads/R906OTN.pdf> on the CMS website.

More information including an overview of and recent updates for the RAC program are available at <http://www.cms.gov/RAC/> on the CMS website.

The “Remittance Advice Guide for Medicare Providers, Physicians, Suppliers, and Billers Guide” is available at http://www.cms.gov/MLNProducts/downloads/RA_Guide_Full_03-22-06.pdf on the CMS website.

Providers may want to review MLN Matters® article MM7068, which is available at <http://www.cms.gov/MLNMattersArticles/downloads/MM7068.pdf>, which instructs DME MACs to provide enough detail in the RA to enable DMEPOS suppliers to reconcile their claims.