



## MEDICARE OVERPAYMENTS

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

Table 2. Hyperlink Table, at the end of this document, provides the complete URL for each hyperlink.

This publication provides education about collecting Medicare provider and supplier overpayments. It includes:

- The definition of an overpayment
- A summary of the overpayment collection process
- A list of overpayment collection tools
- Payment options
- Timeframes for the debt collection process for provider overpayments
- Resources

**Note:** This publication 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, refer to the Coordination of Benefits & Recovery [Reimbursing Medicare](#) webpage.

### Definition of a Medicare Overpayment

A Medicare overpayment is a payment you receive in excess of amounts properly payable under Medicare statutes and regulations. After Medicare identifies an overpayment, the overpayment amount becomes a debt you owe the Federal government. Federal law requires the Centers for Medicare & Medicaid Services (CMS) to try to recover all identified overpayments.

In Medicare, overpayments commonly occur due to:

- Insufficient documentation
- Medical necessity errors
- Administrative and processing errors

### **Applying 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 the [Affordable Care Act, Section 6402\(d\)\(2\)\(A\)\(iii\)](#).

## **Overpayment Notification and Repayment Process**

If you or your staff identify the overpayment, you must report it and arrange to return it by the later of either 60 days after the date the overpayment was identified or the date the corresponding cost report is due. For more information about self-identified overpayments, refer to [Medicare Reporting and Returning of Self-Identified Overpayments](#) fact sheet.

When Medicare identifies an overpayment of \$25 or more, the Medicare Administrative Contractor (MAC) initiates the overpayment recovery process by sending an initial demand letter requesting repayment.

### **Demand Letter**

Demand letters from your MAC 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)
- Rebuttal/appeal rights

### **Your Options If You Receive a Demand Letter**

You may choose from the following options when responding to an initial demand letter:

- Make an immediate payment
- Request immediate recoupment
- Request the standard recoupment process (Automatic Offset/Withholding)
- Request an ERS
- Submit a rebuttal
- Request a redetermination to appeal the overpayment

### **Payment Options**

#### **Immediate Payment**

Follow the directions in the demand letter to submit payment.

## Request Immediate Recoupment

Recoupment occurs when Medicare recovers overpayment by withholding interim payments. Withholding interim payments may be partial (for example, a percentage of payments withheld or a set amount) or complete. You can request your MAC to begin recoupment immediately by following the directions in the demand letter.

## Request Standard Recoupment

You do not need to do anything to request standard recoupment. Your MAC automatically begins recoupment according to the schedule in the Overpayment Debt Collection Timeline. Note that interest may accrue.

## Request an ERS

If you are unable to pay the overpayment in full in the required timeframe, follow the instructions in the demand letter and request an ERS from your MAC.

## Other Options

### Rebuttal

You can submit a rebuttal 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. While the rebuttal process is not considered an appeal and does not stop recoupment activities, MACs promptly evaluate this information.

### Appeal

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 Qualified Independent Contractor (QIC).

The Medicare Part A/B appeals process has five levels:

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

Read the [Medicare Parts A & B Appeals Process](#) publication for more information about appeals, including the requirements for filing an appeal and contact information.

## Limitation on Recoupment

The [Social Security Act Section 1893\(f\)\(2\)\(a\)](#) 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 [MLN Matters® Article MM6183](#).

## Timeframes for Debt Collection Process for Provider Overpayments

The Overpayment Debt Collection Timeline shows 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 an excluded status include:

- Requested or approved ERS
- Appeal
- Bankruptcy

## Overpayment Debt Collection Timeline

- **Day 1:** MAC sends you a demand letter.
- **Days 1–16: MAC begins immediate recoupment** by Day 16 if you request it.
- **Day 15:** Last day to submit a rebuttal to your MAC.
- **Day 16: MAC begins standard recoupment** for overpayments not subject to Limitation on Recoupment or in an excluded category.
- **Day 30:** Last day to pay in full to avoid accrual of interest. Last day to request an appeal and stop recoupment of overpayments subject to Limitation on Recoupment. If you file an appeal after Day 30 and by Day 120, your MAC will stop recoupment when it receives and validates your appeal but will not refund funds already recouped.
- **Day 31: Interest begins to accrue** for overpayments not paid in full by Day 30.
- **Day 40:** Last day to pay in full to avoid accruing interest for overpayments subject to Limitation on Recoupment unless overpayment is in an excluded category.
- **Day 41: MAC begins standard recoupment** for overpayments subject to Limitation on Recoupment unless overpayment is in an excluded category.
- **Days 61–90:** MAC sends Intent to Refer Letter (IRL) for eligible delinquent debts.
- **Day 90:** MAC attempts to contact you by phone if the debt is 60 days delinquent and not in a status excluded from referral to the U.S. Department of the Treasury (Treasury).
- **Day 120:** Last day to submit initial appeal request.
- **Days 126–150:** MAC enters the debt into the Debt Collection System (DCS) to refer to the Treasury. At least 7 days prior to referral, the MAC must make a second attempt to call you.

## Overpayment Collection Process

If you do not pay the overpayment in full, you will receive an IRL 60–90 days after the initial demand letter. The IRL advises you that unless you refund the overpayment or take steps to establish an ERS, the MAC will refer the overpayment to the Federal level for collection. To collect the overpayment, CMS refers eligible delinquent debt to the Treasury or a Treasury-designated Debt Collection Center (DCC). Either the Treasury or the DCC works through the [Treasury Offset Program \(TOP\)](#) to collect the overpayment.

To effectively collect the debt that agencies refer, the Treasury issues demand letters, conducts telephone follow-up, initiates skip tracing, refers debt for administrative offset, and refers debt to a private collection agency (PCA). Other collection tools may include Federal salary offset and administrative wage garnishment. The PCA could collect the debt with tools such as skip tracing, credit report search, demand letters, and telephone calls.

## Resources

Educate yourself and avoid overpayments by using the resources on the [Provider Compliance](#) webpage.

**Table 1. Resource Table**

Resource	Website
MAC Contact Information	<a href="https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/Review-Contractor-Directory-Interactive-Map">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="https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c34.pdf">CMS.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c34.pdf</a>
Medicare Financial Management (Manual Publication 100-06)	Chapter 3 <a href="https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/fin106c03.pdf">CMS.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/fin106c03.pdf</a> Chapter 4 <a href="https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/fin106c04.pdf">CMS.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/fin106c04.pdf</a>

**Table 1. Resource Table (cont.)**

<b>Resource</b>	<b>Website</b>
Medicare Learning Network® Guided Pathways	<a href="https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNEdWebGuide/Downloads/Guided_Pathways_Provider_Specific_Booklet.pdf">CMS.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNEdWebGuide/Downloads/Guided_Pathways_Provider_Specific_Booklet.pdf</a>
Resources for Medicare Beneficiaries	<a href="https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/BenePubFS-ICN905183.pdf">CMS.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/BenePubFS-ICN905183.pdf</a>

**Table 2. Hyperlink Table**

<b>Embedded Hyperlink</b>	<b>Complete URL</b>
Affordable Care Act, Section 6402(d)(2)(A)(iii)	<a href="https://www.gpo.gov/fdsys/pkg/PLAW-111publ148/pdf/PLAW-111publ148.pdf#page=635">https://www.gpo.gov/fdsys/pkg/PLAW-111publ148/pdf/PLAW-111publ148.pdf#page=635</a>
Medicare Parts A & B Appeals Process	<a href="https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/MLN-Publications-Items/CMS1243294.html">https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/MLN-Publications-Items/CMS1243294.html</a>
Medicare Reporting and Returning of Self-Identified Overpayments	<a href="https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-02-11.html">https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-02-11.html</a>
MLN Matters® Article MM6183	<a href="https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM6183.pdf">https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM6183.pdf</a>
Provider Compliance	<a href="https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/ProviderCompliance.html">https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/ProviderCompliance.html</a>
Reimbursing Medicare	<a href="https://www.cms.gov/Medicare/Coordination-of-Benefits-and-Recovery/Coordination-of-Benefits-and-Recovery-Overview/Reimbursing-Medicare/Reimbursing-Medicare-.html">https://www.cms.gov/Medicare/Coordination-of-Benefits-and-Recovery/Coordination-of-Benefits-and-Recovery-Overview/Reimbursing-Medicare/Reimbursing-Medicare-.html</a>
Social Security Act Section 1893(f)(2)(a)	<a href="https://www.ssa.gov/OP_Home/ssact/title18/1893.htm">https://www.ssa.gov/OP_Home/ssact/title18/1893.htm</a>
Treasury Offset Program (TOP)	<a href="https://fiscal.treasury.gov/fsservices/gov/debtColl/dms/top/debt_top.htm">https://fiscal.treasury.gov/fsservices/gov/debtColl/dms/top/debt_top.htm</a>

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