



## MEDICARE OVERPAYMENTS



The Hyperlink Table, at the end of this document, gives the complete URL for each hyperlink.

Learn about these topics:

- Overpayment definition
- Overpayment collection process
- Overpayment collection tools
- Payment options
- Debt collection process timeframes
- Resources

**NOTE:** For information about Medicare Secondary Payer (MSP) overpayments when Medicare is not the beneficiary's primary health insurance coverage, refer to the [Coordination of Benefits & Recovery Overview](#) webpage.

## OVERPAYMENT DEFINITION

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A Medicare overpayment is a payment that exceeds regulation and statute properly payable amounts. When Medicare identifies an overpayment, the amount becomes a debt you owe the Federal government. Federal law requires the Centers for Medicare & Medicaid Services (CMS) to recover all identified overpayments.

Medicare overpayments happen because of:

- Incorrect coding
- Insufficient documentation
- Medical necessity errors
- Processing and other administrative errors

## OVERPAYMENT COLLECTION PROCESS

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An overpayment is identified when an individual has, through reasonable diligence, determined receipt of an overpayment and quantified the amount. According to the [Social Security Act \(SSA\) § 1128J\(d\)](#), you must report and return a self-identified overpayment to Medicare within:

- 60 days of overpayment identification
- 6 years from overpayment receipt, generally known as the “lookback period”
- If applicable, the cost report due date

When an overpayment is \$25 or more, your Medicare Administrative Contractor (MAC) initiates overpayment recovery by sending a demand letter requesting repayment.

## OVERPAYMENT COLLECTION TOOLS

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### Demand Letter

A MAC demand letter explains:

- Overpayment reason(s)
- Interest accrual begins if the overpayment is not repaid in full within 30 days
- Immediate recoupment request options
- Extended Repayment Schedule (ERS) request options
- Rebuttal rights
- Appeal rights

Choose from these options when responding to an initial demand letter:

- Make an immediate payment
- Request immediate recoupment
- Submit a rebuttal
- Appeal the overpayment by requesting a redetermination

## PAYMENT OPTIONS

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- **Immediate Payment:** Follow the demand payment letter directions.
- **Request Immediate Recoupment:** Occurs when Medicare recovers an overpayment by offsetting future payments. Recoupment may be partial (for example, a percentage of payments recouped) or complete. Upon your request, your MAC can begin recoupment immediately by following the demand letter instructions. Establishing immediate recoupment applies to all current and future debts unless otherwise specified.
- **Request Standard Recoupment:** Your MAC automatically begins standard recoupment according to the Overpayment Debt Collection Activities schedule. Interest may accrue if the debt becomes delinquent.
- **Request an ERS:** Follow the instructions in the MAC ERS demand letter if you cannot make the full overpayment in the required timeframe.

## OTHER OPTIONS

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- **Rebuttal:** Submit a rebuttal within 15 calendar days from the date you get the MAC demand letter. Explain or give evidence why no recoupment should occur. The MAC promptly evaluates your rebuttal statement.

**NOTE:** A rebuttal is different than an appeal and does not stop recoupment activities.

- **Appeal:** You or your representative can file a request for appeal if you disagree with an overpayment decision. Medicare Part A and Part B has five appeal levels:
  1. **Redetermination** is the first appeal level after the initial Part A and Part B claims determination. The MAC takes a second look at the claim and supporting documentation. A MAC employee uninvolved in the initial determination makes the redetermination.
  2. **Reconsideration** by a Qualified Independent Contractor (QIC).
  3. **Hearing** by an Administrative Law Judge or **Review** by an Attorney Adjudicator at the Office of Medicare Hearings and Appeals (OMHA).
  4. **Review** by the Medicare Appeals Council.
  5. **Judicial Review** in U.S. District Court.

For more information about appeals, refer to the [Medicare Parts A & B Appeals Process](#) booklet.

## LIMITATION ON RECOUPMENT

[SSA § 1893\(f\)\(2\)\(A\)](#) outlines Medicare overpayment recoupment limitations. When CMS and MACs get a valid first- or second-level appeal on an overpayment, subject to certain limitations, they cannot recoup the overpayment until they get an appeal decision. This affects recoupment timeframes. For more information about which overpayments are subject to limitation on recoupment, refer to MLN Matters® Article, [Limitation on Recoupment \(935\) for Provider, Physicians and Suppliers Overpayments](#) and the Code of Federal Regulations (CFR) at [42 CFR § 405.379](#).

## DEBT COLLECTION TIMEFRAMES

The following chart shows the overpayment debt collection activities timeframe. It describes how overpayments subject to the Limitation on Recoupment collection differ. It also notes when an action may not apply if an overpayment is in an excluded status (for example, a requested or approved ERS, appeal, or bankruptcy).

**Chart 1. Overpayment Debt Collection Activities**

Timeframe	Activity
<b>Day 1</b>	MAC sends an overpayment determination demand letter within 7 calendar days.
<b>Days 1–16</b>	<b>MAC begins immediate recoupment</b> by Day 16 if you request it.
<b>Day 15</b>	Last day to submit a rebuttal.
<b>Day 16</b>	<b>MAC begins standard Part A overpayment recoupment</b> not subject to Limitation on Recoupment or in an excluded category.
<b>Day 30</b>	Last day to pay in full to avoid interest accrual. Interest continues to accrue for each 30-day period until the debt is paid in full.  When requesting a redetermination on an overpayment subject to the “Limitation on Recoupment” provision, the provider must file the redetermination by day 30 from the demand letter date to prevent recoupment on day 41. If you file an appeal after Day 30 and by Day 120, your MAC is required to stop recoupment <b>subject to limitation on recoupment</b> when it receives and validates your appeal but <b>will not</b> refund money already recouped.
<b>Day 31</b>	<b>Interest accrual begins</b> for unpaid overpayments by Day 30.
<b>Day 40</b>	Last day to pay overpayments in full before recoupment begins, subject to Limitation on Recoupment, unless it is in an excluded category.
<b>Day 41</b>	<b>MAC begins standard overpayment recoupment</b> , unless overpayment is in an excluded category, such as overpayments subject to Limitation on Recoupment in the redetermination appeal status.
<b>Days 61–90</b>	MAC sends Intent to Refer (ITR) letter for eligible delinquent debts.

**Chart 1. Overpayment Debt Collection Activities (cont.)**

Timeframe	Activity
<b>Day 90</b>	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 (the Treasury).
<b>Day 120</b>	Last day to submit initial redetermination appeal request.
<b>Days 126–150</b>	Debt referred to the Treasury according to timelines specified in the <a href="#">Digital Accountability and Transparency Act (DATA)</a> .

## Overpayment Collection Process

If you fail to pay in full, you get an ITR letter 60–90 days after the initial demand letter. The ITR letter advises you to refund the overpayment or establish an ERS. Otherwise, your debt is referred for collection.

CMS refers the overpayment debt to the Treasury or to a Treasury-designated Debt Collection Center (DCC). Either the Treasury or the DCC work through the [Treasury Offset Program \(TOP\)](#) to collect the overpayment.

The Treasury may effectively collect the debt using:

- Demand letters
- Phone follow-up
- Skip tracing
- Administrative offset referrals
- Private collection agency referrals, which may collect the debt with skip tracing, credit report search, demand letters, and phone calls
- Federal salary offset
- Administrative wage garnishment

## RESOURCES

**Table 1. Medicare Overpayments Resources**

Resource	Website
Contact Your MAC	<a href="https://www.go.cms.gov/MAC-website-list">Go.CMS.gov/MAC-website-list</a>
Medicare Claims Processing Manual, Chapter 34, Reopening and Revision of Claim Determinations and Decisions	<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>

**Table 1. Medicare Overpayments Resources (cont.)**

Resource	Website
Medicare Financial Management Manual, Chapter 3, Overpayments, and Chapter 4, Debt Collection	<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> <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>
Provider Compliance	<a href="https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/ProviderCompliance">CMS.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/ProviderCompliance</a>

**Table 2. Hyperlink Table**

Embedded Hyperlink	Complete URL
Coordination of Benefits & Recovery Overview	<a href="https://www.cms.gov/Medicare/Coordination-of-Benefits-and-Recovery/Coordination-of-Benefits-and-Recovery-Overview/Overview">https://www.cms.gov/Medicare/Coordination-of-Benefits-and-Recovery/Coordination-of-Benefits-and-Recovery-Overview/Overview</a>
Social Security Act (SSA) § 1128J(d)	<a href="https://www.ssa.gov/OP_Home/ssact/title11/1128J.htm">https://www.ssa.gov/OP_Home/ssact/title11/1128J.htm</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">https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/MLN-Publications-Items/CMS1243294</a>
SSA § 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>
Limitation on Recoupment (935) for Provider, Physicians and Suppliers Overpayments	<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>
42 CFR § 405.379	<a href="https://www.ecfr.gov/cgi-bin/text-idx?SID=6c4fd2451e973269b5f75f64cb729238&amp;mc=true&amp;node=se42.2.405_1379&amp;rgn=div8">https://www.ecfr.gov/cgi-bin/text-idx?SID=6c4fd2451e973269b5f75f64cb729238&amp;mc=true&amp;node=se42.2.405_1379&amp;rgn=div8</a>
Digital Accountability and Transparency Act	<a href="https://fiscal.treasury.gov/data-transparency/history-overview.html">https://fiscal.treasury.gov/data-transparency/history-overview.html</a>
Treasury Offset Program	<a href="https://fiscal.treasury.gov/top">https://fiscal.treasury.gov/top</a>

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