

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-06 Medicare Financial Management	Centers for Medicare & Medicaid Services (CMS)
Transmittal 311	Date: February 22, 2019
	Change Request 10336

SUBJECT: Updating Chapter 3, Section 200, Limitation on Recoupment; Medicare Overpayments Manual, 2 of 4 CRs.

I. SUMMARY OF CHANGES: This Change Request (CR) addresses sections 200.2 - 200.3 starting with the timeframe once the appeal request is received and validated. Placing the overpayments in the redetermination status for delaying the recoupment. This CR covers the redetermination receipt notice, the outcome from the redetermination decision, and initiating or resuming recoupment after a withdrawal or dismissal. It also addresses when recoupment can begin or resume after the redetermination decision, the redetermination revised overpayment letter for partially favorable and unfavorable appeal decisions, and the Medicare redetermination notification or revised demand overpayment letter.

EFFECTIVE DATE: October 7, 2019 - This date is due to HIGLAS enhancement

**Unless otherwise specified, the effective date is the date of service.*

IMPLEMENTATION DATE: October 7, 2019 - This date is due to HIGLAS enhancement

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
R	3/200.2.2/Recoupment After the Initial Demand: When Does it Begin?
N	3/200/2.3/Payments Made Upon Notice of Demand or Through An Immediate Recoupment Request
N	3/200/2.4/Payment Suspension Relating to Limitation on Recoupment
N	3/200/2.5/Timeframe for Receiving, Validating and Flagging in the System to Stop Recoupment for all Redetermination Requests
R	3/200/3/What to Do After the Validated Redetermination is Received
R	3/200/3.1/Outcome From the Redetermination Decision

III. FUNDING:

For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically

authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

**Business Requirements
Manual Instruction**

Attachment - Business Requirements

Pub. 100-06	Transmittal: 311	Date: February 22, 2019	Change Request: 10336
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SUBJECT: Updating Chapter 3, Section 200, Limitation on Recoupment; Medicare Overpayments Manual, 2 of 4 CRs.

EFFECTIVE DATE: October 7, 2019 - This date is due to HIGLAS enhancement

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I. GENERAL INFORMATION

A. Background: The statute required us to change the way we recoup certain overpayments. The limitations on the recoupment of Medicare overpayments are during the first and second levels of appeal only. The provider also has the ability to voluntarily elect during this time period, a request for an extended repayment plan (ERS), or elect to have the overpayment be collected through an immediate recoupment. This section provides protection to Providers during the initial stages of the appeal process. However, after the first two levels of appeal are completed, the contractor shall resume recoupment and normal debt collection processes. Unless an ERS is established, the contractor must initiate or resume recoupment at 100 percent after the second level of appeal regardless of any subsequent appeals filed by the provider such as the third level, the Administrative Law Judge, or subsequent levels, Department Appeals Board or Federal Court. The contractor must continue to recoup at 100 percent until the debt is satisfied in full. The payment of Section 935(f)(2) interest is only applicable to overpayments recovered through involuntary recoupment under the limitation on recoupment provisions. Interest is not payable on the principal amount recouped on voluntary payments such as payments from existing extended repayment schedules, immediate recoupment prior to the Qualified Independent Contractor (QIC) decision, payment suspensions and check payments.

B. Policy: Section 1893(f)(2)(a) of the Social Security Act and the provision in the Medicare Prescription Drug, Improvement and Modernization Act of 2003 prohibits recouping Medicare overpayments from a provider or supplier that seeks a reconsideration from a QIC. This provision changed how interest is to be paid to a provider or supplier whose overpayment is reversed at subsequent administrative or judicial levels of appeal. The final rule defines the overpayments to which the limitation applies, how the limitation works in concert with the appeals process, and the change in our obligation to pay interest to a provider or supplier whose appeal is successful at levels above the QIC. This section also limits recoupment of Medicare overpayments when a provider or supplier seeks a redetermination until a redetermination decision is rendered.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility									
		A/B MAC			D M E	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
10336.1	Contractors shall continue the recoupment process on day 41 with the exception of immediate recoupment from the initial demand letter unless a	X	X	X	X						

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
	timely and valid request for a redetermination was received.										
10336.1.1	Contractors shall have internal controls in place to ensure when a provider is in an immediate recoupment status. The recoupment process shall continue unless a request from the provider is on file to stop the immediate recoupment.	X	X	X	X						
10336.1.2	Contractors shall continue to stop recoupment on or after day 41 from the demand letter date when the appeal request is received and validated with an outstanding balance.	X	X	X	X						
10336.2	Contractors shall note that if the appeal request is not readily identifiable as such in the corporate mailroom, the date for filing a request is defined as the date the Medicare contractor identifies the correspondence as an appeal request. In such instances, contractors shall ensure documentation is maintained on file justifying the alternate appeal request date.	X	X	X	X						
10336.2.1	Contractors shall take eight business days when the redetermination request is received on or after day 31 to do the following: stamp the receipt date in mailroom, review and validate the appeal request; and set the redetermination status to avoid/stop recoupment.	X	X	X	X						
10336.2.2	Contractors shall not refund recoupments that occur on day 41 or later and shall apply the amounts to the overpayment.	X	X	X	X						
10336.3	Contractors shall have an exception to the eight business day requirement when the Redetermination request is received prior to calendar day 31	X	X	X	X						
10336.3.1	Contractors shall have the additional time to process a redetermination request when received prior to calendar day 31 from the date of the	X	X		X						

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
	demand letter.										
10336.3.2	Contractors shall not exceed the additional time 2-3 calendar days before day 41 from the demand letter date to update systems such as HIGLAS, MCS, VMS timely to avoid systematic offset/recoupments of the provider's overpayment.	X	X	X	X						
10336.4	Contractors shall have seven additional business days from the redetermination appeal status update to generate and send the redetermination receipt notice to provider.	X	X	X	X						
10336.5	Contractors shall communicate and coordinate between the appropriate operational areas (Appeals and Overpayment Recovery Units), immediately following all validations on 935 overpayment appeal requests.	X	X	X	X						
10336.6	Contractors shall have internal controls in place after the appeal validations for updating the redetermination status to stop recoupment from occurring on day 41.	X	X	X	X						
10336.6.1	Contractors shall continue with the appeal status update when the provider has an immediate recoupment agreement in place unless the provider request the immediate recoupment to stop.	X	X	X	X						
10336.7	Contractors shall update the appropriate systems (e.g., HIGLAS or VMS) to reflect the redetermination appeal status, to prevent further recoupments from occurring after day 41.	X	X	X	X						
10336.7.1	Contractors on HIGLAS shall update closed debts to reflect the redetermination appeal status for tracking purposes.	X	X	X							
10336.7.2	HIGLAS shall make system changes to allow the appeal status to be cascade to the closed transaction on AR statue cascade form.										HIGLAS
10336.8	Contractors shall cease recoupment on validated redetermination requests. Refer to Section 200.2.3.	X	X	X	X						

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
10336.8.1	Contractors shall retain recouped funds prior to receiving and validating a redetermination request on or after day 41 from the demand letter date.	X	X	X	X						
10336.8.1.1	Contractors shall use their discretion to refund if the request was timely received but recoupment did not stop timely.	X		X	X						
10336.8.2	Contractors shall continue to collect other debts not in an appeal status subject to 935.	X	X	X	X						
10336.8.2.1	Contractors shall apply any excess monies from a check payment to 935 overpayments as a voluntary collection and update the system to reflect the collection as a check amount and not as a recoupment.	X	X	X	X						
10336.8.3	Contractors shall not recoup (exception: immediate recoupment) or place in suspend any monies related to a 935 overpayment debt subject to Limitation on Recoupment while it is in an appeal status.	X	X	X	X						
10336.8.4	Contractors shall report overpayments that are in an appeal status redetermination on the TROR. Debts continue to age and accrue interest on the outstanding amounts.	X	X	X	X						
10336.8.5	Contractors shall send a redetermination receipt notice to the provider within the timeframes allotted in section 200.2.3.	X	X	X	X						
10336.9	Contractors shall use the sample letter as an example and can use their discretion to change the language to address the overpayment accordingly, as needed.	X	X	X	X						
10336.9.1	Contractors shall follow the instructions on fully and partially favorable redetermination decisions. a. Effectuate the decision (adjust the claims in system for the finalized claim payment) within 30 calendar days from the redetermination decision and	X	X	X	X						

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
	<p>b. Recalculate the overpayment and refund the remaining excess amounts to the provider within 30 calendar days from the final claim payment determination date as shown in (a) above or</p> <p>c. Complete this entire process (a. and b.) within 60 calendar days from the redetermination decision date.</p>										
10336.10	Contractors shall check the system on all favorable decisions prior to refunding the provider for other outstanding debts that are eligible for offset/recoupment and apply monies to those debts first before dispersing the refund amount. This includes all open debts that are not in an exclusion status such as appeals, bankruptcy, fraud etc. In accordance to Publication 100.6, Chapter 4, Section 70.14.8.1, and chapter 5, section 410.4 (10).	X	X	X	X						
10336.10.1	<p>Contractors shall follow these instructions when there are no recoupments/collections on a Fully Favorable decision of the overpayment determination.</p> <ul style="list-style-type: none"> Adjust the accounts receivables accordingly to close. The Remittance Advice shall be acceptable in place of additional written notices. 	X	X	X	X						
10336.10.2	<p>Contractors shall follow these instructions when there is a balance remaining after the claims have finalized:</p> <ul style="list-style-type: none"> Adjust the accounts receivables accordingly Send a revised demand letter using the verbiage in Exhibit 2 no later than 30 calendar days from the finalized claims or 60 calendar days from the Redetermination date. 	X	X	X	X						

Number	Requirement	Responsibility								Other
		A/B MAC			D M E M A C	Shared- System Maintainers				
		A	B	H H H		F I S S	M C S	V M S	C W F	
10336.10.3	Contractors shall understand that when a reversal in favor of the provider occurs, interest may be payable by Medicare if the underpayment is not paid within 30 calendar days of the final determination e.g.; claim adjustments finalized due to decision. Refer to 42 CFR 405.378.	X	X	X	X					
10336.10.4	Part B contractors on HIGLAS shall follow a manual work around until system changes are implemented in FY 2019.		X							
10336.11	Contractors shall recalculate the original overpayment amount on a partially favorable decision when there are no recoupments/collections. Contractors shall adjust the accounts receivable accordingly and send the Redetermination Revised Overpayment Letter in Exhibit 2 with the new revised amount within 30 calendar days from the finalized claim determination date or 60 days from the Redetermination decision date.	X	X	X	X					
10336.11.1	Contractors shall recalculate the original overpayment amount on a partially favorable decision when there are recoupments/collections and balance is remaining. The contractor shall adjust the accounts receivable accordingly. <ul style="list-style-type: none"> Select the correct Language from Exhibit 2 Send the Redetermination Revised Overpayment Letter in Exhibit 2 with the new revised amount within 30 calendar days from the finalized claims determination date or 60 calendar days from the Redetermination decision date. 	X	X	X	X					
10336.11.2	Contractors shall recalculate the original overpayment amount on a partially favorable decision when there is a recoupment/collection and an excess amount remains. The contractor shall adjust the accounts receivable accordingly and apply monies to those outstanding debts first before refunding the provider. <ul style="list-style-type: none"> Do not apply any excess funds to other overpayments that are in an appeal status or 	X	X	X	X					

Number	Requirement	Responsibility									
		A/B MAC		H H H	D M E M A C	Shared- System Maintainers				Other	
		A	B			F I S S	M C S	V M S	C W F		
	<p>any other pending status in exclusion such as bankruptcy, suspensions, fraud etc.</p> <ul style="list-style-type: none"> Send the Redetermination Revised Overpayment Letter in Exhibit 2 within 30 calendar days from the finalized claims determination date or 60 calendar days from the Redetermination decision date. 										
10336.11.3	<p>Contractors shall recalculate the original overpayment amount on a partially favorable decision when there is a recoupment/collection and no other outstanding overpayments.</p> <ul style="list-style-type: none"> Adjust the accounts receivable accordingly. Issue a refund on any remaining excess amounts. Send the Redetermination Revised Overpayment Letter in Exhibit 2 within 30 calendar days from the finalized claims determination date or 60 calendar days from the Redetermination decision date. 	X	X	X	X						
10336.12	<p>Contractors shall follow current policies on interest calculations in accordance with Chapters 3 and 4 on fully unfavorable decisions:</p> <p>a. Select the correct language from Exhibit 2 and send the Redetermination Notification letter within 30 calendar days from the Redetermination decision date.</p> <p>b. Contractors shall follow normal collection processes, as in Publication 100.06, Chapter 4, when sending the intent to refer letter when there is no second-level appeal recorded by calendar day 76.</p>	X	X	X	X						

Number	Requirement	Responsibility								Other
		A/B MAC			D M E M A C	Shared- System Maintainers				
		A	B	H H H		F I S S	M C S	V M S	C W F	
10336.13	Contractors shall contact the Qualifying Independent Contractor (QIC) to verify the receipt of the appeal request to avoid subsequent problems for the provider when notified the reconsideration request was sent timely and there is no communication from the QIC or the appeal is in the Medicare Appeal System, or the 75th day is approaching.	X	X	X	X					
10336.13.1	Contractors shall accept copy of the tracking receipt as valid proof of the reconsideration request and place the overpayment in the Reconsideration Appeal status. Use this source as proof to ensure recoupment does not start or to stop recoupment.	X	X	X	X					
10336.14	Contractors shall use the letter template in Exhibit 2 for partially favorable and fully unfavorable decisions. If the Medicare revised letter language does not address the scenario after the effectuation, as needed contractors shall be able to modify the language to address the overpayment.	X	X	X	X					
10336.14.1	Contractors shall send a letter on partially favorable decisions when the recalculation resulted in: <ul style="list-style-type: none"> • Paying the new revised amount in full from previous recoupments/collections. • Reducing the revised amount from previous recoupments/collections • When the amounts are applied to other outstanding debts. State in letter below, the provider may request a listing of debts by contacting xxx-xxx-xxxx. • Reducing the revised amount from previous recoupments/payments on an established ERS. • Reducing the original amount with no recoupments/collections 	X	X	X	X					
10336.14.2	Contractors shall send a notification on the unfavorable decisions with an open balance only.	X	X	X	X					

Number	Requirement	Responsibility								
		A/B MAC			D M E M A C	Shared-System Maintainers				Other
		A	B	H H H		F I S S	M C S	V M S	C W F	
10336.14.3	Contractors shall select the correct Language “Notification” for Unfavorable decisions and “Revised” demand letter for partially favorable decisions below.	X	X	X	X					
10336.14.4	Contractors shall be able to modify the language to address the overpayment when the Medicare revised letter language does not address the scenario after the effectuation, as needed.	X	X	X	X					
10336.15	Contractors shall initiate or resume recoupment following a request for a withdrawal from the provider or supplier.	X	X	X	X					
10336.15.1	Contractors shall remove the appeal status as soon as possible but no later than 30 calendar days from the dismissal notification to resume recoupment.	X	X	X	X					
10336.15.2	Contractors shall have an exception to recoupment when the Qualified Independent Contractor determines the Redetermination dismissal was in error, vacates the dismissal and remands the case back to the contractor: <ul style="list-style-type: none"> Update all AR/s back to the Redetermination appeal status Handle as a new Redetermination within eight (8) business days from the receipt date of the remand notification. 	X	X	X	X					

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility					
		A/B MAC			D M E M A C	C E D I	
		A	B	H H H			
	None						

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
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Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Deborah Miller, 410-786-0331 or deborah.miller3@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

ATTACHMENTS: 0

Medicare Financial Management Manual

Chapter 3 – Overpayments

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- 200.2.3 - Payments Made Upon Notice of Demand or Through An Immediate Recoupment Request
- 200.2.4 - *Payment Suspension Relating to Limitation on Recoupment*
- 200.2.5 - *Timeframe for Receiving, Validating and Flagging in the System to Stop Recoupment for all Redetermination Requests*
- 200.3 - What to Do *After the Validated* Redetermination is Received
 - 200.3.1 *Outcome From the Redetermination Decision*
- 200.5 – *Reserved for Future Use*
- 200.5.1– *Reserved for Future Use*

200.2.2 - Recoupment After the Initial Demand Letter: When does it Begin?

(Rev.311, Issued: 02-22-19, Effective: 10-07-19, Implementation: 10-07-19)

Timeframe	Medicare Contractor	Provider
Day 1	Send demand letter.	Receives notification by first class mail of overpayment determination. (The letter date is the determination date).
Day 1-15	Process rebuttal requests received before or by day 15 deadline. No recoupment occurs.	Can submit a rebuttal request within 15 days from the date on the demand letter. (The letter date is the determination date). Can request an Immediate recoupment
Day 16-30	Process rebuttal requests received before or by day 15. Performs administrative activity (i.e., validating Redeterminations and updating account receivables to the Redetermination status). No recoupment occurs unless the provider requested the Immediate Recoupment	Can request a redetermination and potentially prevent any recoupment from occurring on day 41.
Day 31-40	Performs administrative activity (i.e. validating Redeterminations and updating account receivables to the Redetermination status). No recoupment occurs unless the provider requested the Immediate Recoupment.	Can request a redetermination and potentially prevent any recoupment from occurring.
Day 41	Recoupment begins on overpayments without a validate redetermination request.	Can request a redetermination and potentially stop recoupment from continuing.

1. Recoupment shall proceed on day 41 (with the exception of immediate recoupment) from the initial demand letter without a timely and valid request for a redetermination.

2. To prevent recoupment from occurring on day 41, the provider must file the request for a redetermination no later than the 30th calendar day following the date of the initial demand letter.
3. Contractors shall refer to Publication 100-04 Medicare Claims Processing Manual, Chapter 29, and Appeals of Claims Decision, to determine what constitutes a valid request for a redetermination.
4. Contractors shall have internal controls in place to ensure when a provider is in an immediate recoupment status the recoupment process continues unless a request from the provider is received to stop the immediate recoupment.
5. Contractors shall continue to stop recoupment on or after day 41 from the demand letter date when the appeal request is received and validated with an outstanding balance.
 - Providers have 120 days after the date of receipt of the initial determination (the notice of initial determination is presumed to be received 5 days after the date of the notice unless there is evidence to the contrary) to request a redetermination in accordance with Publication 100.04, Chapter 29

200.2.3 - Payments Made Upon Notice of Demand or *Through* An Immediate Recoupment Request

(Rev.311, Issued: 02-22-19, Effective: 10-07-19, Implementation: 10-07-19)

Payments made by a provider in response to a demand are not recoupments as defined in 405.372(e). Recoupment is the recovery by Medicare of any outstanding Medicare debt by reducing present or future Medicare payments and applying the amount withheld to the indebtedness. Therefore, payments and recoupments from the immediate recoupment process made in response to a demand is voluntary and are not subject to 935 interest. Refer to section 200.1.5 Immediate Recoupment requirements in section 200.1.5

200.2.4 - Payment Suspension *Relating to Limitation on Recoupment*

(Rev.311, Issued: 02-22-19, Effective: 10-07-19, Implementation: 10-07-19)

Suspended funds involving providers, physicians and suppliers who have been put on payment suspension under 405.372 (e) not a “recoupment” for purposes of the limitation on recoupment. Suspended funds is not a “recoupment” as this term is defined in §405.370. CMS is only limited by section [1893\(f\)\(2\)](#) of the Act from recouping Medicare payments. We are not restricted in our ability to apply suspended funds to reduce or dispose of an overpayment. The Provider cannot appeal a payment suspension; only the resulting overpayment determination, may be appealed and subjected to limitation on recoupment.

Exception: If the suspended payments are insufficient to fully eliminate any overpayment, and the provider or supplier meets the requirements of 42 CFR § 405.379 "Limitation on Recoupment" provision under §1893(f)(2) of the act will be owed to Medicare.

200.2.5 *Timeframe for Stopping Recoupment After a Redetermination Request is Received*

(Rev.311, Issued: 02-22-19, Effective: 10-07-19, Implementation: 10-07-19)

Contractors' corporate mailroom receives and stamps the date of receipt on each appeal request. The timeframe begins in the corporate mailroom starting with the stamped receipt/date. The date for filing a request is defined as the date it was received by the appropriate contractor in the corporate mailroom, the date received via facsimile, or the date received in the secure internet portal/application in accordance with Publication 100-04, Chapter 29, § 310.2.

Note: If the appeal request is not readily identifiable as such in the corporate mailroom the date for filing a request is defined as the date the Medicare Contractor identifies the correspondence as an appeal request. In such instances Contractors must ensure documentation is maintained on file justifying the alternate appeal request date.

Contractors shall implement the following upon receipt of a Redetermination Request:

A. Contractors shall take **eight (8) business days** when the redetermination request is received on or after calendar day 31 to do the following:

- 1. Stamp the receipt date in mailroom*
- 2. Review and validate the appeal request; and*
- 3. Set the redetermination status to avoid/stop recoupment. (If the debt is under an immediate*

recoupment agreement, the recoupment continues and in the appeal status at the same time)

Note: Providers run the risk at having recoupments occurring when the request is received on or after day 31. When a recoupment occurs on day 41 or later, the contractor shall apply the amounts to the overpayment and not refund those amounts.

B. Contractors shall have an **exception to the eight (8) business day** requirement when the Redetermination request received prior to calendar day 31:

- Contractors shall have the additional time to process a redetermination request when received prior to calendar day 31 (from the date of the demand letter).
- The additional time shall not exceed (2-3 calendar days) before day 41 from the demand letter date to update systems (HIGLAS, MCS, VMS) timely to avoid systematic offset/ recoupments of the provider's overpayment.

C. Contractors shall have seven **(7) additional business days (from the redetermination appeal status update)** to generate and send the redetermination receipt notice to provider.

D. Contractors shall **communicate and coordinate** between the appropriate operational areas, immediately following all validation(s), on 935 overpayment appeal requests.

E. Contractors shall have internal controls in place after the appeal validations for updating the redetermination status to stop recoupment from occurring on day 41.

- When the provider has an immediate recoupment agreement in place this shall continue with the appeal status update, unless the provider request the immediate recoupment to stop).
- Contractors shall update the appropriate systems (e.g., HIGLAS or VMS) to reflect the redetermination appeal status, to prevent further recoupments from occurring after day 41.

- Contractors on HIGLAS shall update closed debts to reflect the redetermination appeal status for tracking purposes.

200.3 - What to Do *After the Validated* Redetermination is Received *(Rev.311, Issued: 02-22-19, Effective: 10-07-19, Implementation: 10-07-19)*

Action to take:

1. Contractors shall cease recoupment on validated redetermination requests. (Refer to Section 200.2.3 above).
2. If the contractor recouped funds prior to receiving and validating a redetermination request on or after day 41 from the demand letter date, the amount recouped shall be retained. (Contractors shall use their discretion to refund if the request was timely received but recoupment did not stop timely).
3. Contractors shall continue to collect other debts not in an appeal status subject to 935.
4. Contractors shall apply any excess monies from a check payment to 935 overpayments as a voluntary collection and update the system to reflect the collection as a check amount and not as a recoupment.
5. Contractors shall not recoup (exception: immediate recoupment) or place in suspense any monies related to a 935 overpayment debt subject to "Limitation on Recoupment" while it is in an appeal status.
6. Debts continue to age and accrue interest on the outstanding amounts.
7. Contractors shall send a redetermination receipt notice to the provider within the timeframes allotted in Section 200.2.3 above.
8. Construct a short paragraph, such as Exhibit 1 below.

Contractors shall use the sample letter as an example and can use their discretion to change the language to address the overpayment accordingly, as needed:

Exhibit 1: Redetermination Receipt Notice:

Current Date
Provider Name
Address
City, State ZIP Code

Provider Number:
Demand Letter Number:
Account Receivable Number:

Dear Provider Name,

This letter serves as a notification that we have received your request for a redetermination for the above accounts receivable or the services at issue.

All collection processes have ceased on the unpaid balance of the accounts receivable, unless you have entered into an extended repayment schedule, immediate recoupment or paid in full.

Interest will continue to accrue on any outstanding unpaid balance of the overpayment as explained in your demand letter.

If you have any questions, please contact our office at the number listed below. You may also visit us at www._____.com.

Sincerely,
(Name and title)

200.3.1 Outcome From the Redetermination Decision

(Rev.311, Issued: 02-22-19, Effective: 10-07-19, Implementation: 10-07-19)

Contractors shall follow the appropriate actions below following notification of a redetermination decision:

Fully and Partially Favorable Redetermination decisions:

- a.* Effectuate the decision (adjust the claims in system for the finalized claim payment) within 30 calendar days from the redetermination decision and
- b.* Recalculate the overpayment and refund the remaining excess amounts to the provider within 30 calendar days from the final claim payment determination date as shown in (a) above. Or
- c.* Complete this entire process (a and b) within 60 calendar days from the redetermination decision date.

Refer to Publication 100.04, Chapter 29, §310.11 - Effectuation of the Redetermination Decision for additional guidance.

A. Redetermination Decisions:

Contractors shall check the system on all favorable decisions prior to refunding the provider for other outstanding debts that are eligible for offset/recoupment and apply monies to those debts first before dispersing the refund amount this includes all open debts that are not in an exclusion status such as appeals, bankruptcy, fraud etc. In accordance to Publication 100.6, Chapter 4, Section 70.14.8.1, and chapter 5, section 410.4 (10).

1. Full reversal - This is a Fully Favorable decision of the overpayment determination.

Contractors shall follow current policies in adjusting the overpayment and the amount of interest charged in accordance with in Publication 100.06, chapter 4 §30.

a. When there are NO recoupments/collections:

- *Contractors shall adjust the accounts receivables to close.*
- *The Remittance Advice (RA) shall be acceptable in place of additional written notices.*

b. When there is a balance remaining after the claims have finalized:

- Adjust the accounts receivables (AR) accordingly
- Send a revised demand letter using the verbiage in Exhibit 2 no later than 30 calendar days from the finalized claims or 60 calendar days from the Redetermination date..

c. When there is a recoupment/collection and an excess amount remains, contractors shall apply to outstanding overpayments before any refund is issued.

- *The RA shall* be acceptable in place of *additional* written notices.

d. When a reversal in favor of the provider occurs, interest may be payable by Medicare if the underpayment is not paid within 30 calendar days of the final determination (e.g.; claim adjustments finalized due to decision). Refer to 42 CFR 405.378).

2. Partial reversal - This is a Partially Favorable decision of the overpayment determination in which the decision reduces the original principal overpayment amount. This decision requires the contractor to recalculate the original overpayment amount.

a. When there are no recoupments/collections contractors shall:

- Adjust the accounts receivable (AR) accordingly

1. Send the **Redetermination Revised Overpayment Letter** in Exhibit 2 with the new revised amount within 30 calendar days from the finalized claim determination date or 60 days from the Redetermination decision date.

b. When there are no recoupments/collections contractors shall:

- Adjust the accounts receivable (AR) accordingly
- Send the **Redetermination Revised Overpayment Letter** in Exhibit 2 with the new revised amount within 30 calendar days from the finalized claim determination date or 60 days from the Redetermination decision date.

c. When there is recoupments/collections and a balance is remaining contractor shall:

- Adjust the AR accordingly
- Select the correct Language from Exhibit 2
- Send the **Redetermination Revised Overpayment Letter** in Exhibit 2 with the new revised amount within 30 calendar days from the finalized claims determination date or 60 calendar days from the Redetermination decision date.

d. When there is a recoupment/collection and an excess amount remains the contractor shall:

- Adjust the AR accordingly and apply monies to the remaining part of the overpayment and/or any other outstanding debts first before refunding the provider.
 - Do not apply any excess funds to other overpayments that are in an appeal status or any other pending status in exclusion such as (Bankruptcy, suspensions, Fraud etc.).
 - Send the **Redetermination Revised Overpayment Letter** in Exhibit 2 within 30 calendar days from the finalized claims determination date or 60 calendar days from the Redetermination decision date.
- e.* When there is a recoupment/collection with an excess amount and no other outstanding overpayments:
- Adjust the AR accordingly and apply monies to the remaining part of the unfavorable overpayment.
 - Contractors shall issue a refund on any remaining excess amounts.
 - Send the **Redetermination Revised Overpayment Letter** in Exhibit 2 within 30 calendar days from the finalized claims determination date or 60 calendar days from the Redetermination decision date.

3. Full Affirmation - This is a Fully Unfavorable decision of the overpayment determination.

Contractors shall follow current policies on interest calculations in accordance with Chapters 3 and 4.

- a.** Contractors shall select the correct language from Exhibit 2.
- Send the Redetermination Notification letter on open balances only within 30 calendar days from the Redetermination decision date.
- b.** Contractors shall follow normal collection processes, as in Publication 100.06, Chapter when sending the intent to refer letter when there is no second-level appeal recorded by calendar day 76.

B. Recoupment after a Redetermination Decision

While the Redetermination Revised Letter states that recoupment can begin no earlier than the 61st calendar day, contractors shall utilize the additional 15 calendar days before recoupment begins on any unpaid balance to reconcile the payment or perform administrative actions. The 15-calendar day period between when the provider is informed (recoupment can begin on day 61 and when recoupment actually begins on day 76) is designed to facilitate communication between the Qualified Independent Contractor (QIC) and the contractor, should a reconsideration request or a payment is received.

- 1.** If the debt has been in an appeal status, when you initiate or resume recoupment, the status of the debt shall be changed to reflect "eligible for internal offset" or resume offset.

2. Recoupment shall not resume upon notification of the receipt of a timely and valid request for a reconsideration by the QIC.

However, if the provider notifies you a reconsideration request was sent timely to the QIC and;

- a. There is no communication from the QIC or
- b. The appeal is in the Medicare Appeal System (MAS), or
- c. The 75th day is approaching,

Contractors shall:

- a. Contact the QIC to verify the receipt of the appeal request to avoid subsequent problems with the provider. or
 - b. Accept copy of the tracking receipt as valid proof of the reconsideration request and place the overpayment in the Reconsideration Appeal status.
- Use this source as proof to ensure recoupment does not start or to stop recoupment.

C. When Recoupment *Can* Begin or Resume After the Redetermination *Decision*

Timeframe	Contractor actions for recoupment	Provider
Day 60	Overpayment remains in an Appeal Status - No recoupment occurs	Refund the overpayment in full or submits a request for reconsideration.
Day 61-75	In receipt of the reconsideration case-file and/or MAC has official proof of request received and stamped, no recoupment occurs. Overpayment remains in the appeal status.	Files reconsideration or refunds the overpayment, or requests an ERS.
Day 76	Recoupment begins resumes or stops with a valid receipt date of the reconsideration.	Provider has 180 days from date of receipt of the redetermination to appeal to the reconsideration level.

D. Redetermination Revised Overpayment Letter for Partially Favorable and Unfavorable Appeal Decisions

1. Contractors shall use the letter template below in Exhibit 2 for partially favorable and fully unfavorable decisions. If the Medicare revised letter language does not address the scenario after the effectuation, as needed contractors shall be able to modify the language to address the overpayment.

a. Contractors shall send a letter on partially favorable decisions when the recalculation resulted in:

- *Paying the new revised amount in full from previous recoupments/collections.*
- Reducing the revised amount from previous recoupments/collections
- When the amounts are applied to other outstanding debts (State in letter below, the provider may request a listing of debts by contacting xxx-xxx-xxxx).
- Reducing the revised amount from previous recoupments/payments on an established ERS.
- Reducing the original amount with no recoupments/collections

b. Refer to chapter 4, Section 50 for ERS instructions on a revised repayment schedule.

c. Contractors shall send a notification on the unfavorable decisions with an open balance only.

Contractors shall select the correct Language “Notification” for Unfavorable decisions and “Revised” demand letter for partially favorable decisions below.

2. Contractors shall be able to modify the language to address the overpayment when the Medicare revised letter language does not address the scenario after the effectuation, as needed.

Exhibit 2: Medicare Redetermination Notification or Revised Demand Overpayment Letter

Current Date

Provider Name

Address

City, State ZIP Code

Provider Number:

Account Receivable Number:

Dear [Provider Name],

This letter is in reference to the redetermination decision dated _____, for the overpayment in the amount of _____ issued to you on _____ [Date of demand].

[Select the appropriate paragraph below:] (Option 1- Fully Favorable with a balance remaining revised demand letter)

Based on the fully favorable decision and the recalculation, there was a balance remaining of Principal _____ and Interest _____. A payment totaling _____ is due by _____.

Or

(Option 2 - Partial Favorable revised demand letter)

Based on the Partially favorable decision and the recalculation, the revised balance of the Principal is _____ and Interest is _____. A payment totaling _____ is due by _____.

Or

(Option 3 - Partially Favorable on debts paid in full due to decision)

According to our records after the effectuation, your debt had an underpayment for [AMOUNT] that was applied to the remaining outstanding balance that paid the debt in full. You can appeal to the next level Reconsideration at the Qualified Independent Contractor.

Or

(Option 4- Partially Favorable applied excess funds to other overpayments with or without a refund)

According to our records after the effectuation, your debt had an underpayment for [AMOUNT] that was applied to other outstanding overpayments. The provider may request a listing of debts by contacting [xxx-xxx-xxxx].

Or

(Option 5 - Fully unfavorable notification letter)

Based on the unfavorable decision the balance of the Principal is _____ and Interest is _____. A payment totaling _____ is due by _____.

When the redetermination decision is [**Unfavorable or Partially Favorable**], we may begin to recoup no earlier than **61 days** after the date of **this [Notification or Revised demand letter]**. Please note if recoupment stops, interest continues to accrue.

[Contractors shall select the correct option above based on the outcome of decision].

Rebuttal Process:

Under our existing regulations 42 CFR Sections 405.374, providers and other suppliers will have **15 days from the date of this demand letter** to submit a statement of opportunity to rebuttal. The rebuttal process provides the debtor the opportunity before the suspension, offset, or recoupment takes effect, to submit any statement (to include any pertinent information) as to why it should not be put into effect on the date specified in the notice. A rebuttal is not intended to request a review of supporting medical documentation nor to express disagreement with the overpayment decision. A rebuttal shall not duplicate the redetermination process. This is not an appeal of the overpayment determination. Our office will advise you of our decision 15 days from the mailroom stamped receipt date of your request.

The rebuttal statement does not cease recoupment activities consistent with Section 935(f)(2) of the Medicare Modernization Act (MMA).

If you wish to appeal this decision:

If you disagree with this overpayment decision, you may file an appeal. An appeal is a review performed by people independent of those who have reviewed your claim so far. The second level of appeal is the reconsideration. You must file your request for the reconsideration within 180 days from date of receipt of the appeal decision letter in accordance to 42 CFR § 405 962(a). **However, if you wish to avoid recoupment from occurring, you need to file your request for reconsideration within 60 days from the date of this letter, as described above.** Unless you show us otherwise, we assume you received this letter 5 days after the date of this letter.

[Include this paragraph when there is a remaining balance owed.]

If you have already sent a payment and will not be appealing to the next level appeal, thank you, and we ask that you disregard this letter. If you are unable to repay the amount due in full, please visit our website for instructions on an extended repayment schedule (www.contractor.com).

Please refer to your initial demand letter for any other information not disclosed in this letter.

If you have any questions or concerns on this matter, please write to our office or contact us at the address at the bottom of this notice.

Thank you,
Analyst Name
Title xxx-
xxx-xxxx

E. Initiating or resuming recoupment after a Withdrawal or Dismissal

1. Contractors shall initiate or resume recoupment following:

A request for a withdrawal from the provider or other suppliers or a redetermination dismissal.

- Remove the appeal status as soon as possible but no later than 30 calendar days from the dismissal notification to resume recoupment.

Exception to Recoupment:

2. When the Qualified Independent Contractor determines the Redetermination dismissal was in error, vacates the dismissal and remands the case back to the contractor.

- Contractors shall update all AR/s back to the Redetermination appeal status and
- Handle as a new Redetermination within eight (8) business days from the receipt date of the remand notification.

3. For additional guidance, refer to 42 CFR §§405.379, 405.952 and 405.972 and publication 100.04, Medicare Claims Processing Manual Chapter 29 - Appeals of Claims Decisions

200.5 – *Reserved for Future Use*

200.5.1 – *Reserved for Future Use*