

Update on Medicare Demand Letters and Medicare Claim Cancellations Associated with an Item or Service Provided to Incarcerated Beneficiaries

Recently, the Centers for Medicare & Medicaid Services (CMS) initiated recoveries from providers and suppliers based on data that indicated a beneficiary was incarcerated on the date of service. Medicare will generally not pay for medical items and services furnished to a beneficiary who was incarcerated when the items and services were furnished. A beneficiary may be “incarcerated” even when the individual is not confined within a penal facility, such as a beneficiary who is on a supervised release, on medical furlough, residing in a halfway house, or other similar situation.

Medicare identified previously paid claims that contain a date of service partially or fully overlapping a period when a beneficiary was apparently incarcerated based on information CMS receives from the Social Security Administration (SSA). As a result, a large number of overpayments were identified, demand letters released, and, in many cases, automatic recoupment of overpayments made. CMS has since learned that the information related to these periods of incarcerations was, in some cases, incomplete for CMS purposes.

CMS is actively reviewing these data and will be taking action to improve the process used to identify periods of incarceration. As part of this effort, CMS is working to quickly identify claims that resulted in our recent recovery actions and take steps, as appropriate, to correct any inappropriate overpayment recoveries.

CMS will continue to issue messages about this topic, including timeframes for resolution, to keep the provider and supplier community informed. Information will also be posted on the [All-Fee-For-Service-Providers](#) page on the CMS website.

In the interim, providers and suppliers should no longer encourage beneficiaries to contact their local Social Security office in order to have their records updated as a result of this recent issue. Providers also should no longer fax information to their local CMS Regional Offices as CMS is currently working to develop processes to resolve this issue.

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