CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-08 Medicare Program Integrity	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 687	**Date: November 10, 2016**
	Change Request 9713

SUBJECT: Extrapolated Overpayments

I. SUMMARY OF CHANGES: The purpose of this change request (CR) is to add instructions that a contractor shall create one large account receivable (AR) for extrapolated amounts (including the adjusted sample claim amounts).

EFFECTIVE DATE: December 12, 2016
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: December 12, 2016

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	8/8.2/8.2.3/8.2.3.2/Conduct of Expanded Review Based on Statistical Sampling for Overpayment Estimation and Recoupment of Projected Overpayment by Contractors

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

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I. GENERAL INFORMATION

A. Background: Contractors perform extrapolated overpayment reviews on claims. Once the extrapolated amount for the overpayment is identified, contractors create an account receivable and recoup the money.

B. Policy: This CR does not involve any legislative or regulatory policies.

II. BUSINESS REQUIREMENTS TABLE

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

Number	Requirement	Responsibility								
		A/B MAC			DME	Shared-System Maintainers				Other
		A	B	HHH	MAC	FISS	MCS	VMS	CWF	
9713.1	When a ZPIC or medical review audit determines an extrapolated overpayment the sample claims reviewed shall be adjusted for denial.	X	X	X	X					
9713.1.1	ZPICs shall send the list of sample claims to the MACs along with the extrapolation request.									ZPICs
9713.2	Contractors shall deny the sample claims individually in the shared system and shall suppress the sample claims from going to HIGLAS.	X	X	X						
9713.3	Once the entire extrapolated amount is identified, contractors shall create one large AR for the extrapolated amount (including the adjusted sample claim amounts) to demand and recoup.	X	X	X	X					

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
	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:
	N/A

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Debbie Skinner, 410-786-7480 or debbie.skiner@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 Program Integrity Manual

Chapter 8 – Administrative Actions and Statistical Sampling for Overpayment Estimates

Table of Contents

(Rev. 687, 11-10-16)

8.2.3.2 – Conduct of Expanded Review Based on Statistical Sampling for Overpayment Estimation and Recoupment of Projected Overpayment by Contractors

(Rev. 687; Issued: 11-10-16; Effective: 12-12-16; Implementation: 12-12-16)

The MACs shall perform the actual recoupment identified by the ZPICs. *When a ZPIC or medical review audit determines an extrapolated overpayment the sample claims reviewed are adjusted for denial. For history purposes, contractors shall deny the sample claims individually in the shared system and shall suppress the sample claims from going to HIGLAS. Once the entire extrapolated amount is identified, contractors shall create one large account receivable (AR) for the extrapolated amount (including the adjusted sample claim amounts) to demand and recoup.*

A. If an expanded review of claims is conducted, contractors shall follow the sampling instructions found in section 8.4 of this chapter, obtain and review claims and medical records, and document for each claim reviewed:

- The amount of the original claim;8
- The allowed amount;
- The rationale for denial;
- The §1879 determination for each assigned claim in the sample denied because the service was not medically reasonable and necessary (or the §1842(1) provider/supplier refund determination on non-assigned provider/supplier claims denied on the basis of §1862(a)(1)(A)) (refer to Exhibit 14.1 of this manual);
- The §1870 determination for the provider/supplier for each overpaid assigned claim in the sample (refer to Exhibit 14.2 of this manual); and
- The amount of overpayment (after allowance for deductible and coinsurance).

B. Contractors calculate the projected overpayment by extrapolating from the actual overpayment to the universe that excludes those claims determined that the provider/supplier did not have knowledge that the service was not medically necessary;

C. Notify the provider/supplier of the preliminary projected overpayment findings and review findings;

D. If the provider/supplier submits additional documentation, review the material and adjust the preliminary projected overpayment findings, accordingly;

E. Calculate the final overpayment; and

F. Refer to the overpayment recoupment staff.