HAWAII HEALTH SYSTEMS CORPORATION *"Quality Healthcare For All"* **POLICY**	**Department:** Corporate Finance	**Policy No.:** **FIN 0511A** **Revision No.:** 1
	Issued by: Tammy Dumlao, Director of Revenue Cycle	**Effective Date:** February 20, 2014
Subject: **Processing Credit Balances and Potential Overpayments**	**Approved by:** Carol A. VanCamp HHSC Board of Directors By: Carol A. VanCamp Its: Secretary/Treasurer	**Supersedes Policy:** FIN 0511 (12/8/00) **Page:** 1 of 3

Last Review: January 2014; Next Review: January 2017

I. PURPOSE: To establish standards regarding resolution of patient account receivables with credit balances and overpayments and facilitation of timely refunds of confirmed overpayments.

In the event of a Self-Disclosure to federal authorities, this policy shall be suspended as necessary in order to comply with legal advice specific to the situation.

II. DEFINITIONS:

Government healthcare program or payor: Medicare, including Medicare Advantage plans; Medicaid, including Medicaid managed care plans: Tricare/Champus/Champva

Credit Balance: A credit balance may include, but is not limited to:

- Finding of payment(s) made by an insurance carrier and/or other responsible party for an amount greater than expected
- Duplicate payment/contractual entries
- Correction to misapplied charges/credits
- Incorrect patient account adjustments
- Finding of up-coding
- Incorrect coding or modifier resulting in a higher level of reimbursement
- Insufficient documentation or lack of documentation to support billed services, and/or
- Lack of medical necessity.

Overpayment: Any funds received or retained to which the person/organization, after applicable reconciliation, is not entitled.

Identified Overpayment: An overpayment that is confirmed by research performed within a reasonable amount of time and with the determination of the amount to be refunded.

Reasonable Time Period: A period of time that allows active and due diligence to "work" a claim and rule out or confirm a credit balance. Generally, this should be no longer than 60 days.

III. POLICY: HHSC will research and reconcile patient account receivables with credit balances and/or potential overpayment discrepancies within a reasonable time period. HHSC will track, resolve and refund identified overpayments in a timely manner. Any credit balance that has been identified as an overpayment by a government healthcare program shall be refunded within sixty (60) days of identification of the overpayment. Any other identified overpayments shall be refunded in accordance with any written instructions from the payor, or, in the absence of such written instructions, in accordance with this policy and associated procedures.

Each HHSC facility will develop and implement procedures to ensure timely documentation and tracking of overpayments. Procedures shall be developed and implemented in order to achieve the desired intent or outcome as described in this Policy, and shall include but are not limited to the following topics:

1. Assign responsibility for research and final determination of the identified overpayment amount.
2. Delegate overall responsibility and accountability to an individual for ensuring that the procedures are followed.
3. Create a tracking and reporting system for identified overpayments.
4. Require written notification to the Manager, CFO and Regional Compliance Officer when research or reconciliation reveals that an identified overpayment is likely to take more than 60 days to refund.
5. Require accurate rebilling of claims with identified overpayments for "take-back", or submission of refund check to payor(s) with the appropriate forms and documentation, in a timely manner.
6. Conduct regularly scheduled auditing of overpayment tracking and reporting to ensure the payment(s) have been recouped.
7. Define steps to accurately resolve credit balances that are not due to overpayment.
8. Require timely and accurate performance of Medicare quarterly credit balance reports with any identified overpayment that has not been reported at the time the credit balance report is due.
9. Prevent/eliminate any automatic write-off of credit balances by systems.
10. Require accurate and timely audits of reconciliation and research of credit balances.
11. Make Medicare patient refunds within specified time limits if Medicare subsequently pays all or part of the claim previously paid for by the beneficiary/representative, or if a claim results in a denial and the provider is liable.

IV. APPLICABILITY: All HHSC facilities.

V. AUTHORITY: Sections 1815(a), 1833(e), 1886(a)(1)(C) and related provisions of the Social Security Act. HRS §523A-2, HRS §523A-8, HRS §523A-2.5, HRS §523A-24, HRS §523A-3, HRS §523A-5.

VI. ATTACHMENTS: None.