

 HAWAII HEALTH SYSTEMS CORPORATION <i>Quality Healthcare for All</i> POLICY	Department: Corporate Finance	Policy No. FIN 0511A
		Supersedes Policy No.
Subject: Processing Credit Balances and Overpayments	Approved By: <i>Brenda S. Ho</i> HHSC Board of Directors By: Brenda Ho Its: Secretary/Treasurer	Approved Date: February 26, 2026
		Last Reviewed: February 26, 2026

I. PURPOSE:

To establish standards regarding resolution of patient account receivables with credit balances and overpayments and the timely return of identified 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, Medicaid, including Medicaid managed care plans, TRICARE, TriWest, CHAMPUS, CHAMPVA, Veterans Affairs (VA)

Credit Balance: For purposes of this policy, a credit balance is the circumstance where there are more credits than debits remaining in a patient account receivable. A credit balance may occur due to circumstances including, but not limited to, the following:

- Payment(s) made by an insurance carrier and/or other responsible party for an amount greater than expected
- Duplicate payments or contractual entries
- Misapplied charges and/or credits
- Incorrect patient account adjustments
- Incorrect coding or modifier resulting in a higher level of reimbursement
- Insufficient documentation or lack of documentation to support billed services
- 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 credit balance and rule out or confirm an overpayment. Generally, this should be no longer than sixty (60) days.

III. POLICY:

HHSC will research and reconcile patient account receivables with credit balances 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, regardless of amount, by a government healthcare program shall be reported and returned by the later of 1) the date which is sixty (60) days after the date on which the overpayment was identified, or, if applicable, 2) the date any corresponding cost report is due. Any other identified overpayments shall be refunded in accordance with the payor contract, or, in the absence of a payor contract, in accordance with this policy and associated procedures.

IV. AUTHORITY:

Sections 1815(a), 1833(e), 1886(a)(1)(C) and related provisions of the Social Security Act. 42 U.S.C. §1320a-7k(d). HRS §523A-2, HRS §523A-8, HRS §523A-2.5, HRS §523A-24, HRS §523A-3, HRS §523A-5.

V. APPLICABILITY:

All HHSC Facilities and Corporate Office.

VI. RELATED PROCEDURE(S):

FIN 0511B.

VII. REFERENCE(S):

None.