

 <p>HAWAII HEALTH SYSTEMS CORPORATION <i>Quality Healthcare for All</i></p> <p>PROCEDURE</p>	<p>Department:</p> <p>Corporate Finance</p>	<p>Policy No.</p> <p>FIN 0511B</p>
		<p>Supersedes Policy No.</p>
<p>Subject:</p> <p>Processing Credit Balances and Overpayments</p>	<p>Approved By:</p>  <p>By: Edward Chu Its: HHSC President & CEO</p>	<p>Approved Date:</p> <p>February 26, 2026</p> <p>Last Reviewed:</p> <p>February 26, 2026</p>

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 procedure 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, Veteran’s 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, 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 credit balance and rule out or confirm an overpayment. Generally, this should be no longer than sixty (60) days.

III. 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 Policy FIN 0511A, and shall include but are not limited to the following topics:

- A. Delegate overall responsibility and accountability to ensure the procedures are followed.
- B. Require accurate and timely reviews of reconciliation and research of credit balances
- C. Define steps to accurately resolve credit balances that are not due to overpayment
- D. Prevent or eliminate any automatic write-off of credit balances by systems.
- E. Assign responsibility for research and final determination of the identified overpayment amount.
- F. Create a tracking and reporting system for identified overpayments.
- G. 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. For Medicare overpayments, ensure compliance with CMS 838 – Medicare Credit Balance Report guidelines.
- H. 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 sixty (60) days to refund.
- I. Conduct regularly scheduled audits of overpayment tracking and reporting to ensure compliance.
- J. Ensure that any vendor that performs or assists in any patient accounts receivable services for any HHSC facility is aware of and contractually bound to follow this procedure and Policy 511A. Periodically audit each vendor to ensure compliance.

IV. APPLICABILITY:

ALL HHSC facilities and Corporate Office.

V. 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

VI. ATTACHMENTS:

None.