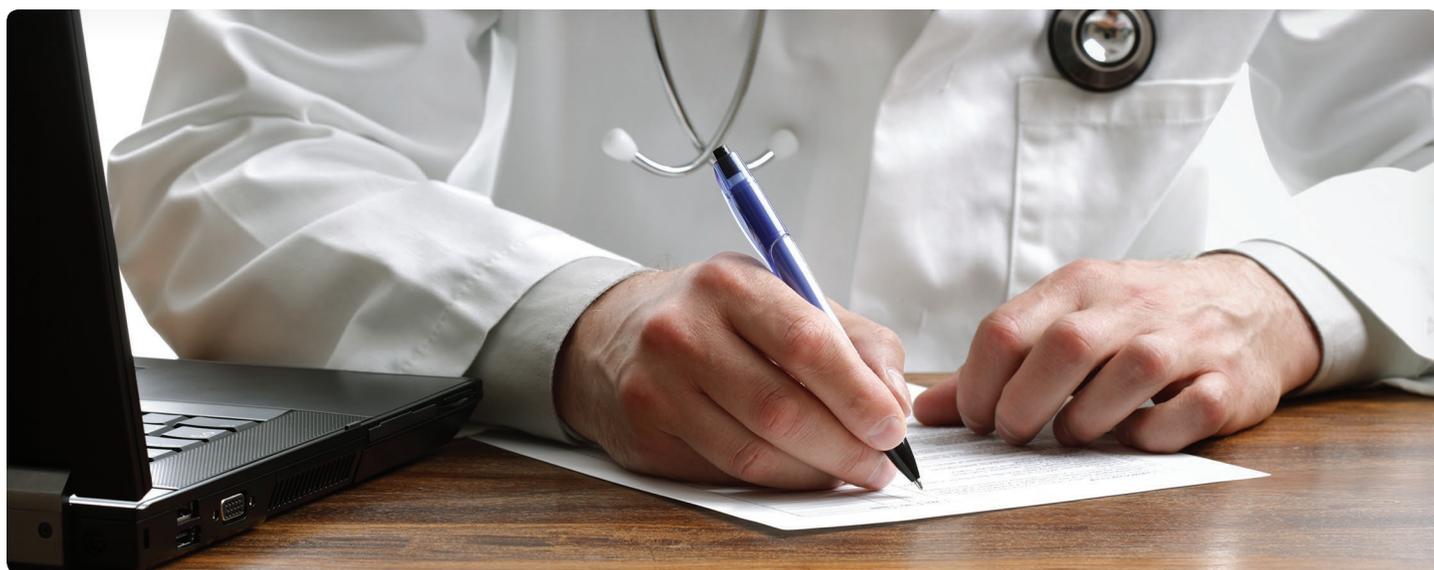




MEDICARE OVERPAYMENTS



Target Audience: Medicare Fee-For-Service Program (also known as Original Medicare)

The Hyperlink Table, at the end of this document, provides the complete URL for each hyperlink.

When “you” is used in this publication, we are referring to providers and suppliers.

Learn about these Medicare overpayment topics:

- Definition of an overpayment
- Summary of the overpayment collection process
- Overpayment collection tools
- Payment options
- Timeframes for the debt collection process
- Resources

Note: To find information about Medicare Secondary Payer overpayments, which apply to situations when Medicare is not the beneficiary’s primary health insurance coverage, visit [Coordination of Benefits & Recovery](#).

DEFINITION OF AN OVERPAYMENT

A Medicare overpayment is a payment you receive in excess of amounts properly payable under Medicare statutes and regulations. After Medicare identifies an overpayment, the overpayment amount becomes a debt you owe the Federal government. Federal law requires the Centers for Medicare & Medicaid Services (CMS) to recover all identified overpayments.

In Medicare, overpayments commonly occur when there are:

- Insufficient documentation
- Medical necessity errors
- Duplicate payments
- Administrative and processing errors

SUMMARY OF THE OVERPAYMENT COLLECTION PROCESS

When Medicare identifies an overpayment of \$25 or more, your servicing Medicare Administrative Contractor (MAC) initiates the overpayment recovery process by sending an initial demand letter requesting repayment.

When you or your staff identify an overpayment within 6 years of the date the overpayment was received, generally referred to as the “look back period,” you must report and return the overpayment to Medicare as outlined in [Section 1128J\(d\) of the Social Security Act \(the Act\)](#) (as added by Section 6402 of the Affordable Care Act). You must return the overpayment by the later of 1) the date 60 days after having identified the overpayment or 2) the date any corresponding cost report is due, if applicable.

OVERPAYMENT COLLECTION TOOLS

Demand Letter

A demand letter from your MAC explains:

- The reason for the overpayment
- That interest will begin to accrue if you do not repay the overpayment in full within 30 days
- Options to request immediate recoupment
- Options to request an Extended Repayment Schedule (ERS)
- Rebuttal rights
- Appeal rights

You may choose from these options when responding to an initial demand letter:

- Make an immediate payment
- Request immediate recoupment
- Submit a rebuttal
- Request a redetermination to appeal the overpayment

PAYMENT OPTIONS

- **Immediate Payment** – Follow the directions in the demand letter to submit payment.
- **Request Immediate Recoupment** – Occurs when Medicare recovers an overpayment by offsetting future payments. Recoupment may be partial (for example, a percentage of payments recouped) or complete. You can request that your MAC begin recoupment immediately by following instructions in the demand letter. Establishing immediate recoupment applies to current and all future debts unless otherwise specified.
- **Request Standard Recoupment** – You do not need to do anything to request standard recoupment. Your MAC automatically begins recoupment according to the schedule in the Overpayment Debt Collection Activities chart. Note that interest may accrue if the debt becomes delinquent.
- **Request an ERS** – If you are unable to pay the overpayment in full in the required timeframe, follow the instructions in the demand letter to request an ERS from your MAC.

OTHER OPTIONS

- **Rebuttal** – You can submit a rebuttal to your MAC within 15 calendar days from the date of a demand letter. In your rebuttal statement, explain or provide evidence on why the MAC should not initiate recoupment. While the rebuttal process is not an appeal and does not stop recoupment activities, the MAC will promptly evaluate this information.
- **Appeal** – If you disagree with an overpayment decision, you or your appointed representative can file a request for an appeal.

The Medicare Part A and B appeals process has five levels:

1. **Redetermination** by a MAC – The first level of appeal after the initial determination on Part A and Part B claims. It is a second look at the claim and supporting documentation. A redetermination is made by an employee that did not take part in the initial determination.
2. **Reconsideration** by a Qualified Independent Contractor (QIC)
3. **Hearing** by an Administrative Law Judge or **Review** by an Attorney Adjudicator at the Office of Medicare Hearings and Appeals
4. **Review** by the Medicare Appeals Council
5. **Judicial Review** in U.S. District Court

For more information about appeals, refer to [Medicare Parts A & B Appeals Process](#).

LIMITATION ON RECOUPMENT

[Section 1893\(f\)\(2\)\(A\) of the Act](#) provides limitations on the recoupment of Medicare overpayments. When a valid first- or second-level appeal is received on an overpayment, subject to certain limitations, CMS and MACs cannot recoup the overpayment until receipt of a decision. This affects the timeframes on recoupment. For more information, refer to the Code of Federal Regulations (CFR) at [42 CFR 405.379](#).

TIMEFRAMES FOR DEBT COLLECTION PROCESS

This chart shows the timeframes for overpayment debt collection activities. It describes how overpayment collection differs for overpayments subject to the Limitation on Recoupment. It also notes when an action may not apply if an overpayment is in an excluded status (for example requested or approved ERS, appeal, or bankruptcy).

Overpayment Debt Collection Activities

Timeframe	Activity
Day 1	MAC sends you a demand letter within 7 calendar days of the determination of an overpayment.
Days 1–16	MAC begins immediate recoupment by Day 16 if you request it.
Day 15	Last day to submit a rebuttal to your MAC.
Day 16	MAC begins standard recoupment for overpayments not subject to Limitation on Recoupment or in an excluded category.
Day 30	Last day to pay in full to avoid accrual of interest. Last day to request an appeal and stop recoupment of overpayments subject to Limitation on Recoupment. If you file an appeal after Day 30 and by Day 120, your MAC will stop recoupment when it receives and validates your appeal but will not refund funds already recouped.
Day 31	Interest begins to accrue for overpayments not paid in full by Day 30.
Day 40	Last day to pay in full before recoupment begins for overpayments subject to Limitation on Recoupment unless overpayment is in an excluded category.
Day 41	MAC begins standard recoupment for overpayments subject to Limitation on Recoupment unless overpayment is in an excluded category.
Days 61–90	MAC sends Intent to Refer (ITR) letter for eligible delinquent debts.
Day 90	MAC attempts to contact you by phone if the debt is 60 days delinquent and not in a status excluded from referral to the U.S. Department of the Treasury (the Treasury).
Day 120	Last day to submit initial appeal request.
Days 126–150	Debt referred to the Treasury in accordance with timelines specified in the Digital Accountability and Transparency Act (DATA).

Overpayment Collection Process

If you do not pay the overpayment in full, you will receive an ITR letter 60–90 days after the initial demand letter. The ITR letter advises you that unless you refund the overpayment or take steps to establish an ERS, the MAC will refer the overpayment to the Treasury for collection. To collect the overpayment, CMS refers eligible delinquent debt to the Treasury or to a Treasury-designated Debt Collection Center (DCC). Either the Treasury or the DCC work through the [Treasury Offset Program \(TOP\)](#) to collect the overpayment.

The Treasury may effectively collect the debt that agencies refer using:

- Demand letters
- Telephone follow-up
- Skip tracing
- Referrals for administrative offset
- Referrals to a private collection agency which may collect the debt with skip tracing, credit report search, demand letters, and telephone calls
- Federal salary offset
- Administrative wage garnishment

RESOURCES

Medicare Overpayments Resources

Resource	Website
Provider Compliance	CMS.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/ProviderCompliance.html
Contact Your MAC	CMS.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/Review-Contractor-Directory-Interactive-Map
Medicare Claims Processing Manual Publication 100-04, Chapter 34	CMS.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c34.pdf

Medicare Overpayments Resources (cont.)

Resource	Website
Medicare Financial Management Manual Publication 100-06, Chapter 3, Overpayments, and Chapter 4, Debt Collection	CMS.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/fin106c03.pdf CMS.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/fin106c04.pdf
MLN Catalog	CMS.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/MLNCatalog.pdf

Hyperlink Table

Embedded Hyperlink	Complete URL
Coordination of Benefits & Recovery	https://www.cms.gov/Medicare/Coordination-of-Benefits-and-Recovery/Coordination-of-Benefits-and-Recovery-Overview/Overview.html
Section 1128J(d) of the Social Security Act (the Act)	https://www.ssa.gov/OP_Home/ssact/title11/1128J.htm
Medicare Parts A & B Appeals Process	https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/MLN-Publications-Items/CMS1243294.html
Section 1893(f)(2)(A) of the Act	https://www.ssa.gov/OP_Home/ssact/title18/1893.htm
42 CFR 405.379	https://www.ecfr.gov/cgi-bin/text-idx?SID=6c4fd2451e973269b5f75f64cb729238&mc=true&node=se42.2.405_1379&rqn=div8
Treasury Offset Program (TOP)	https://fiscal.treasury.gov/fsservices/gov/debtColl/dms/top/debt_top.htm

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