DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services

Medicare Learning Network®
Official CMS Information for Medicare Fee-For-Service Providers

The Medicare Overpayment Collection Process

FACT SHEET

This publication provides the following information about the collection of Medicare physician and supplier overpayments:

- Definition of an overpayment;
- The overpayment collection process; and
- Resources.

Definition of a Medicare Physician or Supplier Overpayment

A Medicare overpayment is a payment that a physician or supplier has received in excess of amounts due and payable under Medicare statute and regulations. Once a determination of an overpayment has been made, the amount of the overpayment becomes a debt owed by the debtor to the Federal government. Federal law requires the Centers for Medicare & Medicaid Services (CMS) to seek the recovery of all identified overpayments.

In Medicare, physician or supplier overpayments occur due to:

- Duplicate submission of the same service or claim;
- Payment to the incorrect payee;
- Payment for excluded or medically unnecessary services; or
- A pattern of furnishing and billing for excessive or non-covered services.

ICN 006379 July 2011

The Overpayment Collection Process

When Medicare discovers an overpayment of $10 or more, the overpayment recovery process will be initiated.

Demand Letters

- The first demand letter will be sent requesting payment. This letter explains that interest will accrue from the date of the letter if the overpayment is not received by the 31st calendar day from the date of the letter.
- If no response is received from the physician or supplier 30 calendar days after the date of the first demand letter, a second demand letter may be sent.
- If a full payment is not received 40 calendar days after the date of the first demand letter, recoupment procedures will begin on day 41. Recoupment means that the overpayment will be recovered from current payments due or from future claims submitted. If a debt has not been paid or recouped (unless a valid appeal has been filed), an Intent to Refer letter will be sent within 120 days indicating that the overpayment may be eligible for referral to the Department of Treasury for offset or collection.

Repayment Plans

If the physician or supplier is unable to pay the entire amount of the overpayment in full, he or she may contact the Contractor to request an extended repayment plan.

Rebuttals

A physician or supplier may submit a rebuttal statement to the Contractor within 15 calendar days from the date of a demand letter. The rebuttal statement explains or provides evidence regarding why recoupment should not be initiated. The rebuttal process is not considered an appeal and does not cease Contractor recoupment activities.

Appeals

If a physician or supplier disagrees with an overpayment decision, he or she may file an appeal with the Contractor that issued the original decision. A redetermination is the first level of appeal in which a qualified employee of the Contractor conducts an independent review of the decision. Section 1893 (f)(2)(a) of the Social Security Act provides limitations on the recoupment of Medicare overpayments. Overpayments subject to Section 935(f)(2) of the Medicare Modernization Act (MMA) must be filed within 120 calendar days from the date of the demand letter. In order to stop the initial recoupment process, the redetermination request must be filed within 30 calendar days from the date of the demand letter. If the redetermination request is received and validated later than 30 calendar days from the date of the demand letter, the recoupment process will stop for those overpayments subject to Section 935 (f)(2) of the MMA; however, any recoupment already taken will not be refunded.

Following an unfavorable or partially favorable redetermination decision, a physician or supplier may request a second level of appeal or reconsideration by a Qualified Independent Contractor (QIC). A request for reconsideration by a QIC must be filed within 180 calendar days of the date the redetermination decision is received. In order to stop the recoupment process from starting, a reconsideration request must be filed within 60 days from the redetermination decision date. The recoupment process will stop when the reconsideration by a QIC request is received and validated. After the QIC's decision or dismissal, the recoupment process will resume for any overpayment amount that has not been paid in full regardless of whether the physician or supplier requests further appeal levels.

Resources

To find additional information about the Medicare overpayment collection process, refer to Chapter 34 of the "Medicare Claims Processing Manual" (Publication 100-04) and Chapters 3 and 4 of the "Medicare Financial Management Manual" (Publication 100-06) located at **http://www.cms.gov/Manuals/IOM/list.asp** on the CMS website. To find Medicare Contractor contact information, visit **http://www.cms.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip** on the CMS website.

This publication was current at the time it was published or uploaded onto the web. Medicare policy changes frequently so links to the source documents have been provided within the document for your reference.

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