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Private Payer Advocacy

Responding to Carrier Repayments Requests

Scope of the Problem

In an effort to control costs, carrier claims processing and Special Investigative Units (SIU) are conducting audits of claims to prevent improper payments and overpayments. Often times, carriers will extrapolate alleged overpayments and demand across the board repayments even for valid claims. Worse, carriers will reduce payments on future claims as a means of correcting alleged overpayments on past claims. A physician practice reported receiving notification from a carrier stating the carrier had disputed the coding based on a sample review and as a result surmised that it was entitled to repayment on all claims with the disputed code and demanded payment of over \$300,000 that if not paid within the specified time period, future payments would be adjusted to collect the amount.

Pediatricians should take steps to ensure proper billing and this includes being able to respond and if need be, contest carrier inappropriate repayment claims. Pediatricians should take note of any repayment request to ensure that it is valid and appropriate. Otherwise, faced with unstable revenue and disbursements, pediatric practices will be unable to maintain operations.

Dealing with the repayment request

When a carrier notifies your practice that it is demanding refund of an overpayment, it is important not to ignore the request nor be intimidated. Pediatricians are advised to take action to resolve the dispute.

- Identify the reason for repayment request. Knowing the purpose for the request will direct the proper response. For example, if it is a coding issue, make sure you can reference valid coding guidelines and have appropriate documentation for support. If it is due to mistake on the carrier's part (such as member eligibility), review your carrier contract that may address the issue.
- If the billing is in error, take action to correct the problem and demonstrate to the carrier how it has been corrected and measures implemented to avoid this problem in the future. Carriers will respond favorable to this type of response and may not pursue any further punitive action.
- Focus any overpayment recovery efforts on a case by case basis. Avoid unilateral take backs by not allowing the carrier to extrapolate repayments on any or all claims. Have the carrier provide documentation as proof of overpayment for each contested claim.
- Review your carrier contract on dispute resolution. It is recommended to include provisions for repayment requests (discussed in detail below).

- Check your state's laws regarding repayments and repayments to ensure that your rights are not violated and the carrier's request is within the law.
- Respond in writing and document all contacts with the carrier on this issue. A sample response letter is provided for your reference.

Recommended Contract Provisions.

It is important to include in the contract provisions that outline the steps take to resolve payment disputes, including repayments. This should include provisions that:

- Require all repayments must be requested in writing and allow a time period for the other party to respond.
- There should be a specified time period for auditing claims and for requesting repayment of payments
- Prohibit unilateral take backs. The party initiating the repayment must provide documentation on each disputed claim
- Allow either party to audit claims payments and be able to recoup overpayments within a specified time frame
- Prohibit payment offsets on future claims to adjust on overpayments of disputed claims

State Laws

It is important to check with your legal counsel and/or the state AAP chapter or medical society to determine the extent of state law regarding repayments. Some states have laws that provide time periods by which a refund request can be made and some restrict carriers from collecting mistaken payments from providers. Check to see what the law is in your state and if appropriate, include the reference in your response to the carrier.

The American Medical Association has compiled a State Statutory Analysis on retrospective audits and repayment requests (see:

<http://www.aap.org/securemoc/reimburse/PromptPay7.06.pdf>

For additional information related to legislation surrounding payer repayments or recoupments, please contact the AAP Division of State Government Affairs at 800/433-9016 ext 7799.

Tips on Minimizing Audits and Repayment Requests

Carriers base audits and repayment requests on patterns that they believe to indicate potential overpayment. For example, some carriers may flag providers considered as outliers in reporting high level Evaluation and Management (E/M) codes. To minimize the chances of a repayment:

- Apply CPT coding guidelines consistently and have documentation to support the codes used
- Make sure billing staff are trained and billing correctly. Participate in coding workshops such as those sponsored by the AAP or Chapters
- When an error is discovered resulting in inappropriate payment, contact the carrier to explain the situation and document how it is resolved

Template Letter to Carrier Requesting Repayment:

Date:

Insurance Carrier Claims Review Department address or
Insurance Carrier Medical Director and address

Dear:

RE: Claim #:

We are in receipt of a repayment request in the amount of \$_____

According to our records, this claim was for *(Insert details here)*

We do not intend to provide any repayment because:

Pick those that apply:

A. The accounting log has been closed on this particular claim. *Per our contract (or per state law, whichever is appropriate)* the time period for refund requests have expired.

B. The mistake made on the part of the plan does not warrant repayment since this office is not liable for mistakes made by the carrier. Services were rendered in good faith and accepted the payment from the carrier, whom at the time thought the services provided were appropriate as evidenced by payment. *Per our contract (or per state law), refunds based on mistakes by the payer are not sufficient cause for repayment*

C. Upon review, the coding as provided in the claim is correct and the carrier's coding edits do not comply with accepted CPT guidelines. *Cite appropriate reference*

We are willing to discuss with you each case that is in dispute provided you are able to produce documentation on each claim. Further attempts to collect any refund by withholding future payments will not be tolerated and result in further action taken against you to protect our interests. *If applicable, include related contract provision or state law.*

If you have any questions, please feel free to contact me at _____.

Sincerely,