

 <p>HAWAII HEALTH SYSTEMS C O R P O R A T I O N <i>"Touching Lives Everyday"</i></p> <p>Policies and Procedures</p>	<p>Quality Through Compliance</p>	<p>Policy No.:</p> <p style="text-align: center;">FIN 0511</p>
		<p>Revision No.:</p> <p style="text-align: center;">N/A</p>
<p>Subject:</p> <p>Refunding Overpayments</p>	<p>Issued by:</p> <p>Corporate Compliance Committee</p>	<p>Effective Date:</p> <p>December 8, 2000</p>
	<p>Approved by:</p> <p>Thomas M. Driskill, Jr. President & CEO</p>	<p>Supersedes Policy:</p> <p>September 15, 2000</p>
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- I. PURPOSE:** To properly refund to patients, guarantors or third-party payors any credit balances or overpayments.
- II. POLICY:** Patient accounts with overpayments must be refunded promptly to the appropriate patient(s), guarantor(s) or third-party payor(s). Accounts with overpayments should not remain unprocessed for more than 90 days following the date of the overpayment when possible. In the case of overpayments due to payors such as Medicare, Medicaid or CHAMPUS/Tricare where credit balance reports must be filed (only Medicare requires quarterly reports to be filed) with the payor and account adjustments or take-backs must be processed by the payor to resolve the overpayment, the specific payor rules and timeframes for processing should be followed.
- III. PROCEDURE:** The following steps must be performed to ensure timely and accurate refunds of overpayments. It is the responsibility of the Chief Financial Office to monitor compliance with this policy.
- A.** Patient accounts with credit balances are to be researched for errors such as overpayments by an insurance and/or another responsible party, duplicate payment/contractual entries, misapplied charges/credits, and incorrect patient account adjustments, etc.
- B.** Once researched, all bona fide overpayments should be promptly refunded to the appropriate patient, guarantor or third-party payor.
- IV. IMPLEMENTATION:**
- A.** Business office personnel must review and revise masterfiles to ensure the credit balance amount to be automatically written off is set at \$0.00. Credit balances must not be automatically written off in any case.
- B. WEEKLY:** Credit balances should be worked on a weekly basis as follows:
1. Determine the reasons for the credit balance. Reasons may include overpayments by an insurance and/or another responsible party, duplicate payment/contractual

entries, misapplied charges/credits, or incorrect patient account adjustments. For those small balance credits of \$3.00 or less refer to Attachment A.

2. Once the reason for the balance has been ascertained, proceed as follows:
 - a. If credit balances were caused by posting errors such as duplicate payment/contractual entries, misapplied charges/credits, or incorrect patient account adjustments, correct the balance.
 - b. If a credit balance remains following correction of the posting errors, ascertain the party (e.g. patient, guarantor, third party payor) entitled to the refund.
 - c. Refund the balance promptly. In the case of credit balances due to payors such as Medicare where credit balance reports must be filed with the payor and take-backs must be processed, the specific payor rules and timeframes for processing must be followed. Medicare requires credit balance reports to be submitted quarterly.
3. For Medicare beneficiaries, review the fiscal intermediary online system as part of the attempts to determine the patient's address. Other insurers may be contacted in a manner consistent with their policies/contracts.
4. In order to comply with state unclaimed property laws, a reasonable effort must be made to locate the party who made the overpayment pursuant to federal regulations.
 - a. If a refund check remains uncashed for six months, a written notice must be sent to the last known address of the party indicating that the overpayment will be declared abandoned if it is not claimed within six more months.
 - b. Pursuant to State law, after one year from the date the overpayment was returnable, the overpayment becomes abandoned property.
 - c. The abandoned overpayment shall be included in the unclaimed property report filed with the State Director of Finance by November 1 (reporting as of June 30 of that year). List the following (if known):
 - (1) Amount of the abandoned property;
 - (2) Name;
 - (3) Last known address;
 - (4) Tax identification number;
 - (5) Date the property became returnable; and
 - (6) Date of the last transaction with the party.
 - d. Amounts under \$50 may be aggregated and should be paid over to the Director of Finance with the annual report.
 - e. Amounts over \$50.00 must be sent to the Director of Finance for deposit in the general fund within six months of the report, (unless the owner has claimed the overpayment).

- f. Records regarding unclaimed property must be kept for five years.
- g. If efforts are not successful to refund the entire amount owing because of inability to locate the patient, guarantor or third-party payor to whom the refund is owed, the credit amount should be recorded to a liability account and a detailed log is to be maintained which supports the balance of the liability account. The log should include, at a minimum:
 - 1) Account number;
 - 2) Patient name;
 - 3) Party making overpayment;
 - 4) Address of party making overpayment;
 - 5) Date of service; and
 - 6) Date of the overpayment.
- h. Where there is a continued inability to locate the patient, guarantor or the third party to whom the refund is owed, final disposition of the payment must be processed according to the applicable State escheat law.

Attachment: 1. Operating Protocols for Credit Balances Less than \$3

Operating Protocols for Credit Balances Less than \$3.00

The following protocols may be used when researching credit balances and determining the next steps:

1. If the account has only an insurance payment posting and a contractual adjustment posting and the credit balance is \$3.00 or less, perform a contractual adjustment equal to the credit balance.
2. If the account has a credit balance of \$3.00 or less and both an insurance payment and a patient payment are present on the account and the patient payment is equal to or greater than the credit balance amount, refund the patient the amount equal to the credit balance.
3. If the account has a credit balance of \$3.00 or less and an insurance payment, contractual adjustment, and a patient payment are present on the account and the patient payment is equal to or greater than the credit balance amount, refund the patient the amount equal to the credit balance.
4. If the account has a credit balance of \$3.00 or less and includes a small balance write-off (which was performed prior to implementation of this policy) and a patient payment, reverse the small balance write-off and refund the patient any remaining balance after this transaction is complete.