

Optometry Coding & Billing Alert

Billing Basics: 'Finders, Keepers' Does Not Apply to Medical Billing

Here's how to correctly manage overpayments and credit balances

Discovering an overpayment or credit balance in your billing office isn't the same as discovering a \$20 bill you forgot you'd shoved into your jeans pocket; you can't simply view it as a bit of good fortune and be on your merry way.

If you take that approach, you could be setting yourself up for a huge fall down the road. On the other hand, scrambling to return the money could be a mistake as well. You need to proceed "more deliberately" than that when facing tough billing issues like overpayments and credit balances, says attorney **Wayne Miller** with the Compliance Law Group in Los Angeles.

The first thing you should do when you discover you've been paid too much on a claim is to consult your practice's compliance plan and financial policies and procedures. That document should include a plan for handling such situations. "The key is to have a written policy and follow it consistently," Miller says.

Aside from overpayments, billing offices also have to worry about credit balances - and contrary to popular belief, the two are not necessarily one and the same, Miller says. True, a credit balance can result from an overpayment, but that's not always the case. It could result from a simple accounting error, you could have been paid twice for the same service, or there could have been a co-payment collection mistake, among other possibilities, he says. Many billing offices simply keep a credit balance on their books, or ignore it altogether, which is a huge mistake, Miller says. It's important that you uncover the reason behind the credit balance, fix the problem and prevent it from recurring in the future.

An overpayment results when the insurance carrier has paid you more money than it should have for a particular claim. CMS takes a strict view of providers' obligation to return all overpayments, Miller says. In fact, failing to do so can result in civil money penalties, fraud investigations, or even exclusion from the program, he says. "What could have been a small issue could mushroom into a very big issue" for a provider that holds on to an overpayment from Medicare, he says.

Providers' obligation to return overpayments from commercial carriers isn't as cut-and-dried as it is with Medicare/Medicaid, and often depends on state laws and managed-care contract provisions, Miller adds. In fact, some states say that if you billed in good faith, you don't have to refund a commercial overpayment at all, he says. But it's important that you know your state laws and payer contract provisions before deciding how to respond.

So what should you do if you determine you have an overpayment that you need to return? Here's some advice from the experts:

1. First, determine the scope and cause of the problem at hand. You need to figure out whether the overpayment resulted from an isolated problem or if it indicates "a bigger problem," says **Kent Moore** with the American Academy of Family Physicians in Leawood, Kan.

2. If it's an isolated problem, you can return the money immediately. Simply write a short letter to the carrier briefly stating how you identified the overpayment to include with your check. "Keep it short and sweet," but provide the carrier with enough information to be able to correct the account, Moore says. You should send this letter and check within 60 days of discovering the overpayment, unless your contract says otherwise, he says.

3. If the overpayment results from a larger problem, you need to determine the extent and cause of that larger issue, and take corrective action before submitting the refund, Moore says. Of course, if it's going to take you

more than 60 days to put a fix in place, you'll need to submit the refund before that happens. But either way, it's good to show the carrier that you're working to amend the situation, Moore says. If there is a large amount of money or there are many claims involved, you'd be well advised to consult an attorney to help determine your level of liability.