

Optometry Coding & Billing Alert

Build a Better Business: Don't Let Refunds to Payers Break Your Bank

Hint: Find out exactly where the money should go before you send it.

Streamline your collections system and get your deserved money faster with these practice management tips. Optometrists: Clip and give this monthly section to your claims specialist.

In our last issue, you got expert advice on handling refunds to payers, including tips on identifying overpayments and how Medicare differs from private payers (see "Not Issuing Refunds? You May Be Asking for Trouble" in Optometry Coding & Billing Alert Vol. 6, No. 12). Read on for more practical advice on this sometimes tricky process.

Use Letters to State Your Case

Don't send refunds to payers until you have specific information on where to send the money, cautions **Barbara J. Cobuzzi, MBA, CPC-OTO, CPC-H, CPC-P, CPC-I, CHCC**, president of CRN Healthcare Solutions, a coding and reimbursement consulting firm in Tinton Falls, N.J., and senior coder and auditor for The Coding Network. Otherwise, the payer may not identify your check as a refund and may not properly associate the payment with your practice's account.

Best practice: Write off the credit balance in the patient's chart and keep a dummy ledger for each payer in which you track overpayment refunds, with the patient's name, account number, and date of service that the refund is associated with. This way you have a record of the transactions without having to store the information in the patient file, which may offset patient balances.

Send a letter to your payer explaining that you identified an overpayment and want to send a refund check. Ask where to send the check, what information to include with the payment, and how the payment will get processed.

Additionally: When you send the insurer a refund check, make sure you include a letter explaining the purpose of the payment with copies of the applicable EOBs. Address the letter to a specific person who handles repayment, and send it certified return receipt mail. This documents that you found an overpayment and refunded it.

Attach your check to the refund request or attach a notice on your practice letterhead, advises **Barbara Colburn**, president and CEO of Total Health Care Solutions in Ocala, Fla. She suggests referencing the patient name, the insured's name (if different from patient), the date of service, the insured's ID number, and the amount you are refunding.

Know the Consequences of Non-Payment

A variety of laws oblige healthcare providers to return overpayments to the payer, including laws not necessarily drafted with the healthcare industry in mind. Social Security law details criminal penalties for acts involving Medicare or state healthcare programs (42 USC 1320a-7b), and it applies to providers billing Medicare or a state health program, such as Medicaid.

Although this law does not specifically state that a provider has an obligation to refund overpayments, it does prohibit concealing or failing to disclose submission of claims for reimbursement that were not owed to the provider "with an intent fraudulently to secure such benefit or payment either in a greater amount or quantity than is due."

Remember: If the insurer doesn't ask for the overpayment refund, even after a period of time, that doesn't mean you get to keep the money. Check your state's unclaimed property laws, called escheat laws, on what you'll need to do in this situation. Escheat laws state that any monies that do not belong to the practice must eventually be turned over to the state. That time frame is determined by each state, Cobuzzi explains.

"I would recommend researching the unclaimed property law guidelines for the applicable state," Colburn advises. "Each state's Web site should have a 'Department of Treasury' section that will provide the necessary instructions for reporting and the requirements."

Avoid penalties: "If the money is not refunded, and it is truly due, the carrier can recoup the money from future payments," warns **Michelle Logsdon, CPC, CCS-P**, president of Falcon Practice Management in Toms River, N.J. "If the carrier cannot do that, they can use a collection agency to recover the overpayment and even take legal action." Other consequences can vary by payer and by state, but one thing is clear by not refunding overpayments, you're biding your time before you face interest penalties, fines, and legal trouble.