

Optometry Coding & Billing Alert

Build a Better Business: Not Issuing Refunds? You May Be Asking for Trouble

Keeping overpayments can get you in hot water with patients and payers.

If you haven't dealt with payer overpayments yet, it's only a matter of time. Overpayments happen for a variety of reasons. But if you don't know how to deal with them -- and the subsequent refund process -- you could be setting your practice up

for fines and fraud allegations.

Refunds don't need to be difficult, however. Read on to get the scoop from the experts on what you need to do -- and when you need to do it -- to stay compliant and keep payers happy.

Identify the Overpayment

Your office should have a protocol for repaying overpayments. At the very least, when you run your end-of-the-month reports, you should include a credit balance report and have a process to refund any overpayments by any health plan, regardless

of the amount.

When you identify an overpayment by a payer, your first step should be to review the details of the claim and the overpayment. Make sure you do, in fact, need to process a refund.

Before refunding any money, make sure the balance isn't a payment-posting mistake. If the overpayment is legitimate, determine what occurred and develop a process to avoid the same mistake in the future.

Tip: If a payer comes to you and requests a refund, stating that it overpaid, you should still do your own research. Do not just assume the payer is correct. You need to "investigate the reason for the refund and determine if the request is timely

and a valid reason exists to warrant a refund," explains **Barbara Colburn**, president and CEO of Total Health Care Solutions in Ocala, Fla.

Contact the Payer Before Sending a Check

Refunding of overpayments is addressed in both the Office of Inspector General's (OIG's) compliance guidance for physicians and its guidance for third-party billing companies. As a healthcare provider, you have a legal obligation to repay

discovered overpayments.

Once you've identified that you have a legitimate overpayment and need to send a refund, you need to communicate with your payer. Before you send the refund to the insurer, contact the company to learn its policies about such credit balances,

says **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.

Why: Carriers differ in how they handle refunds. Most Medicare contractors have a refund form for all refunds, which you need to use for anything you identify as overpayment. It is important you don't delay sending the overpayment back to the

Medicare contractor, since it is a government payer.

"Our Medicare carrier has processed our refunds quickly and accurately. There is no need to notify them first and wait for an adjusted claim to show the overpayment," says **Michelle Logsdon, CPC, CCS-P**, president of Falcon Practice

Management in Toms River, N.J. "Even if we disagree with the decision, we refund them right away, and appeal the decision. Medicare will charge interest on the overpayment, and then take it from a future payment."

Additionally, the Medicare appeals process, with its different stages involving different parties, works better than other payers' appeals processes, so you can be assured of fair treatment, Cobuzzi adds.

Check With Private Payers

Private payers may have their own rules, so check with your individual payer. For example, Logsdon explains that she does not send checks to payers other than Medicare. Instead, she first contacts the payer and sets up a claims adjustment.

Note: Check with your payer for small amounts. Some private payers will not request a refund if the amount is below a certain level, such as \$25.

For more information on handling overpayments, read Part 2 of this article in the next issue of Optometry Coding & Billing Alert.