

## Optometry Coding & Billing Alert

### READER QUESTIONS: Handle Insurer Overpayments Quickly

**Question:** How should I handle overpayments by insurers? How fast do I have to repay? If the amount overpaid is small, do I still have to refund it?

Georgia Subscriber

**Answer:** Optometrists should have a protocol for repaying overpayments. At the very least, when end-of-the-month reports are run, a credit balance report should be included, and any overpayments by any health plan should be refunded, regardless of the amount.

Refunding of overpayments is addressed in both the Office of Inspector General's compliance guidance for physicians and its guidance for third-party billing companies. Healthcare providers have a legal obligation to repay discovered overpayments.

Given the complexity of Medicare regulations and the large number of claims a provider submits, overpayments are probably inevitable.

A variety of laws obligate 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."

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 it.

Before making the refund to the insurer, contact the company to learn its policies about such credit balances. Carriers differ in how they handle refunds.

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