

## Part B Insider (Multispecialty) Coding Alert

### Reader Questions: Don't Simply Hold on to Overpayment

Question: We've discovered that a patient overpaid us on her copay. We collected \$50, which was the last copay we had on record. It turns out that the patient's plan changed but is still under the same payer. Her copay is now only \$25 for an office visit, however. Can we just credit her account or do we need to issue a refund?

Answer: You do need to issue a refund to the patient, but how you do that is up to the patient. As soon as you discover that a patient has overpaid you, your practice should notify the patient. You cannot hold onto the money indefinitely.

You can credit the patient's account, but only if the patient agrees to that. If the patient will be returning your office you can suggest that you apply the overpayment as a credit toward the patient's co-payment for the next visit.

If the patient doesn't want to apply it toward a future visit, however, you must return the overpayment. You should offer two options:

- A credit on the patient's account that you will apply to future services
- A refund of the overpayment.

Tip: You may find it easier to just send the overpayment amount back to the patient with a letter explaining the situation, rather than notifying the patient and discussing options. Follow whichever process works best for your practice.

Bottom line: You cannot and should not keep an overpayment -- from a patient or a payer. That practice may get your provider into big trouble. The agreement to return any overpayments is fundamental to a provider's eligibility to participate in the Medicare program. Section 1866(a)(1)(C) of the Social Security Act (42 U.S.C. § 1395cc) requires participating providers to furnish information about payments made to them and to refund any monies incorrectly paid. The 2010 Patient Protection and Affordable Care Act creates new obligations under the False Claims Act whereby a Medicare provider who fails to timely report and refund an overpayment may be subject to substantial damages and penalties.