



# Recognizing and interpreting overpayment recovery requests

Navigating overpayment recovery requests from health plans can be a challenging, tedious process for physician practices. However, it's important to handle these requests in a timely and efficient manner to prevent invalid recoupments and maintain a physician practice's financial health.

## 1. What is an overpayment recovery request?

An overpayment recovery request is a proposed retroactive denial or reduced payment of a previously paid claim. Payers use several different overpayment recovery mechanisms—reducing other payments currently owed to the physician, withholding or setting off against future payments, requesting a check from the physician to cover the overpayment or in any other manner reducing or affecting the future claim payments to the physician. While a claim overpayment request may involve multiple claims resulting from a global audit, this resource addresses overpayment recovery requests for individual claims or claim line items. For information regarding overpayment recovery requests related to the Centers for Medicare and Medicaid Services (CMS) Recovery Audit Contractor (RAC) program, please visit [www.ama-assn.org/go/RAC](http://www.ama-assn.org/go/RAC).

## 2. What are the reasons for an overpayment recovery request from a payer on a previously paid claim?

The top reasons payers send an overpayment request on a previously paid claim include:

- Coverage terminated before service provided
- Other insurer was responsible (coordination of benefits questions)
- Duplicate payment
- Paid under incorrect fee schedule (i.e., in-network versus out-of-network)
- Services not covered by patient's benefit plan
- Payment terms differ from contract terms
- Service was deemed not medically necessary
- Lack of authorization

## 3. What information is included in an overpayment recovery request for an individual claim?

Typically, a payer must provide advance written notice that it intends to recoup funds from the physician due to an overpayment. That written notice can be mailed or reported electronically using the Health Insurance Portability and Accountability Act (HIPAA) electronic remittance advice. The overpayment recovery process should begin with a formal notice of overpayment that is sent to the physician by the payer. Many states have laws or regulations that mandate

payers to send an advance notification letter to the physician prior to recouping the overpayment amount in question.

The notification letter from the payer must contain a reasonable, documented basis that the payer has overpaid the physician. While the required contents of the written notification vary by state, the payer must provide the following information in its notification to comply with all the state advanced notification requirements:

- explain in detail why the previously made payment was an overpayment;
- identify the claim on which the overpayment was made, including any applicable claim numbers;
- identify the subscriber's full name and provide any subscriber identification numbers;
- identify the date(s) on which the physician provided the medical services for which the physician received the overpayment;
- identify the Current Procedural Terminology (CPT<sup>®</sup>) code(s) on which the overpayment was made, or, if no CPT code is available, provide a description of the medical services for which the payer or the authorized payer overpaid;
- specify the amount of overpayment;
- identify the date the overpayment was made, how overpayment was issued to the physician, e.g., by mail or electronically, and, if applicable, the number of the check containing the overpayment;
- if the alleged overpayment exists because another entity has acknowledged responsibility for payment, specify the name and address of the entity;
- if the payer intends to initiate a retroactive denial on a previously paid claim to recover the overpayment, identify the pending claims from which the payer intends to recoup or offset the overpayment or state that the recoupment or offset will be made from future claims;
- state the specific timeframe within which the physician may dispute the notice of overpayment from the payer;
- state that, if the payer does not receive the physician's notice of dispute within a stated time period, the physician will be deemed to have authorized a recoupment or offset; and
- provide a telephone number or mailing address whereby the physician may submit a dispute concerning the notice of overpayment to the internal dispute resolution process.

If the payer does not provide you with the information listed above, contact the payer for the specific information, especially if the address to send a refund check or appeal is not clearly defined. Payers may have two separate processes for handling appeals on claim denials versus appeals on overpayments. In order to avoid auto-recoupment while a refund check or appeal is in route to the payer, be sure to send it to the correct address for the intended purpose. If you are unable to obtain the specific information necessary to address the payer's overpayment request or are unable to resolve disputes through the payer's internal process, the AMA encourages you to file a formal complaint against the payer with your state's department of insurance.

**4. What is the identifier listed on the overpayment recovery notification that is used to identify the requested overpayment by the payer? How is this identifier relevant to my practice?**

The payer-assigned identifier is typically the FCN, which stands for Financial Control Number. Payers may call this by other names, such as ICN (i.e. Internal Control Number), Letter ID, claim number or another payer-specific alpha or numeric identifier to identify each overpayment recovery request and its related correspondence. The payer places the assigned FCN or other payer-specific identifier on all communications both written and electronic relating to the specific overpayment request, including the notification letter. In turn, the FCN or other payer-specific identifier should be recorded on all communications relating to the overpayment request with the payer. When mailing a check, it is important to record the FCN on the check as well as on any accompanying correspondence. When electing to have the overpayment auto-recouped or allowing the payer to take the money back on a future claim, the electronic remittance advice [Accredited Standards Committee (ASC) X12 835] will reference the FCN or other payer-specific identifier when the recoupment occurs.

Reporting the payer-assigned identifier is crucial for tracking and reconciling the overpayment and submitting any related correspondence to the payer. This identifier links all the communications and details of an overpayment request with a payer; without it, communication about the overpayment between a payer and your practice might be incorrectly appropriated, misplaced or lost.