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9.0.07 Credit Balance Recovery Program

Credit Balance Recovery Program Overview

As the payer of last resort, AHCCCS and their Acute and Long-Term Care (LTC) contractors require providers to coordinate benefits with other commercial insurance carriers and Medicare, as appropriate. With multiple potential payers, both known and unknown, the opportunity for credit balances is always present, as is the need to identify and recover these types of overpayments.

Provider overpayments are a normal occurrence and can result from numerous causes, such as incorrect application of third party liabilities, charge reversals, duplicate billings/payments, incomplete billing data, and overlapping inpatient claims, among many others. HMS's Credit Balance Recovery (CBR) project for AHCCCS and participating Management Care Organizations (MCOs) is fully operational and ready to continue at the start of a new contract.

HMS has unique expertise in performing credit balance recovery for Medicaid programs. We have closely worked with our Medicaid agency clients to tailor our proven CBR process and resources to respond to the unique needs of our clients, including AHCCCS. Since 2004, HMS has been providing CBR services in Arizona to identify overpayments and seek recovery from Arizona Medicaid providers, resulting in over $14 million in recovered payments. We designed our provider-sensitive approach to achieve six key goals:

[redacted]

Using a best-practice approach to identify and review credit balances, we have performed over 3,880 reviews and recovered over $14 million in overpayments from providers on behalf of AHCCCS and their MCOs.

[redacted]

[redacted]

[redacted]

UNDERSTANDING OF CBRS

A credit balance occurs when the sum of payments plus adjustments for a claim is greater than the charges. When this occurs, the claim is in a "credit balance status," i.e., the balance of the claim is negative.

Credit balances result from a number of scenarios, including:

- Duplicate payments
- Retroactive identification of third party liability (TPL)
- Charge adjustments
- Contractual adjustments
- Improper coordination of benefits (COB)

A key component of a robust CBR initiative is the fact that not all overpayments are credit balances and not all credit balances are overpayments.

To resolve a credit balance, the provider must either correct the accounting process or issue a refund to bring the claim back to a zero balance.

A nonmonetary credit balance commonly occurs when a provider enters contractual adjustments at the time of billing rather than at the time of payment to the patient account. Providers do this to predict estimated payments and forecast cash flow. However, if the actual payment is greater than expected, the contractual adjustment creates a credit balance on the claim. In these instances, an overpayment does not actually exist, and the credit balance must be resolved by correcting the contractual adjustment on the claim.

To identify a credit balance overpayment, each claim must be individually reviewed, and supporting documentation must be obtained to make an accurate determination of not only the existence of an overpayment, but also the exact amount.

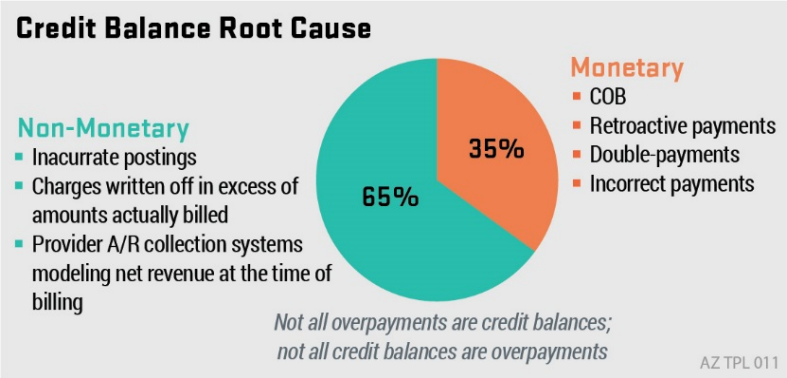
While providers generally work to identify and refund overpayments in a timely manner, regulations in the Affordable Care Act (ACA) require them to refund overpayments within 60 days of identification on the corresponding cost report or face possible prosecution under the False Claims Act. Medicaid agencies and Acute Care Contractors also focus on pursuing overpayments to protect the integrity of the payment process and maximize cash flow by ensuring that providers refund overpayments timely.

[redacted]

Most providers understand their responsibility to resolve credit balances and refund overpayments in a timely manner. In Arizona specifically, HMS's experience in performing CBRs on AHCCCS's behalf has demonstrated this fact. Active CBRs encourage the providers to conduct frequent reviews and allow providers to review complex issues with our auditors.

The efficient process that AHCCCS has created effectively supports providers' efforts to resolve credit balances in a timely manner. Unlike some states that require a significant effort on the part of providers to refund overpayments, AHCCCS allows for a quick resolution by mandating a consistent process in which providers initiate the refund. By making the process easier for providers, AHCCCS has created an overall efficient and timely refund program. **Figure 9.0.07-1** identifies HMS's credit balance root cause analysis.

Figure 9.0.07-1. HMS's Credit Balance Root Cause Analysis.



Performing Credit Balance Reviews

We use three main methods to review and validate potential credit balances:

[redacted]

Our InVision Audit Management Application Facilitates Tracking and Reporting

[redacted]

[redacted]

[redacted]

Figure 9.0.07-2. [redacted]

Figure 9.0.07-3. [redacted]

Figure 9.0.07-4. [redacted]

[redacted]

[redacted]

Table 9.0.07-1. [redacted]

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

HMS Credit Balance Recovery Program Success for Arizona

[redacted]

[redacted]

Figure 9.0.07-5. [redacted]

[redacted]

Arizona-Specific Knowledge

HMS successfully administered CBRs in every major health system in Arizona, including Abrazo Healthcare, Phoenix Children's Hospital, and Banner Health System. Additionally, HMS, in coordination with AHCCCS, has successfully included Acute Care Contractor claims in its CBR audits, thus maximizing oversight of AHCCCS paid claims. Conducting combined Fee-for-Service and managed care audits has resulted in a strong program that promotes recoveries while minimizing time and resource demands on providers. This coordination has allowed all Medicaid claims to be reviewed at one time, decreasing the need for multiple auditors to individually review a subset of claims. Thus, review preparation, entrance and exit interviews, claims research, and reimbursement are streamlined for the provider.

[redacted]

HMS's 10 years of CBR experience in the State of Arizona has garnered us enough trust within the provider community to readily allow access to their systems and welcome our audits on an annual or bi-annual basis.

[redacted]

In the following sections, we provide our method of approach to meeting AHCCCS and the State of Arizona scope of work and continuing to provide industry leading credit balance recovery services. Also, in response **Section 9.1** we provide a quick reference cross-walk to the requirements from AHCCCS's scope of work.

CREDIT BALANCE RECOVERY PROGRAM PROCESS

In this section, we discuss our customized approach to conducting the following types of credit balance recovery on AHCCCS's and their health plan contractor's behalf:

- Provider self-audits
- Onsite audits

[redacted]

[redacted]

PROVIDER SELF-AUDITS

[redacted]

DESK AUDITS

[redacted]

ONSITE AUDITS

[redacted]

[redacted]

Figure 9.0.07-6. [redacted]

[redacted]

Submit Schedule of Providers to AHCCCS for Approval

[redacted]

Obtain Approval from AHCCCS

- [redacted]
- [redacted]

Make Initial Provider Contact

- [redacted]
- [redacted]
- [redacted]
- [redacted]

[redacted]

Prepare for Audit

- [redacted]
- [redacted]
- [redacted]

Conduct Entrance Conference

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

[redacted]

Perform Data Testing and Auditing

- [redacted]
- [redacted]
- [redacted]
- [redacted]

Accumulate Findings

- [redacted]
- [redacted]

Conduct Exit Conference

- [redacted]
- [redacted]

Distribute Overpayment Reports

[redacted]

Process Returned Overpayment Reports

- [redacted]
- [redacted]

Process Provider Refunds

- [redacted]
- [redacted]

Notify State of Non-refunded Overpayments

[redacted]

REPORTING

[redacted]