

412 CLAIMS RECOUPMENTS AND REFUNDS

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REFERENCES: [Deficit Reduction Act of 2005 \(Public Law 109-171\); 42 § C.F.R. 438.600 et seq.; A.R.S. §§ 36-2901, 35-214; A.A.C. R9-22-701 et seq., A.A.C. R9-28-701 et seq.; ACOM 412](#)

~~A.R.S. §§ 36-2901, 35-214; A.A.C. R9-22-701 et seq., A.A.C. R9-28-701 et seq.; Deficit Reduction Act of 2005 (Public Law 109-171); 42 CFR 438.600 et seq. ACOM 412~~

~~DELIVERABLES: Claim Recoupments >12 Months from Original Payment; Data Processes for Recoupments; Single Claim Recoupments >\$50,000~~

PURPOSE

This policy ~~applies to the Division's Administrative Services Subcontractors (AdSS). It~~ outlines the ~~requirements~~ guidelines for ~~C~~claims ~~R~~recoupment and ~~Claims #~~Refund activities ~~for the Division's Administrative Services Subcontractors (AdSS).~~

~~AdSS are responsible for reimbursing their providers and coordinating care for services provided to a member pursuant to state and federal regulations.~~

DEFINITIONS

1. "Claims Recoupment" means an action initiated by the AdSS to recover all or part of a previously paid claim(s). Recoupments include AdSS initiated or requested repayments, as well as

27 overpayments identified by the Service Provider where the AdSS
28 seeks to actively withhold or withdraw funds to correct the
29 overpayment from the Service Provider.

30 2. "Claims Refunds" means an action initiated by a Service Provider
31 to return an overpayment to the AdSS. In these instances, the
32 Service Provider writes a check or transfers money to the AdSS
33 directly.

34 3. "Day" means calendar day unless otherwise specified.

35 4. "Member" means the same as "Client" as defined in A.R.S. § 36-
36 551.

37 ~~A. Day Calendar day unless otherwise specified.~~

38 B5. "Service Provider" means an agency or individual operating
39 under a contract or service agreement with the Department to
40 provide services to Division Members.

41 ~~A person, institution, or group engaged in the delivery of services,~~
42 ~~or ordering and referring those services, who has an agreement~~
43 ~~with the AdSS to provide services to Division members. Any~~
44 ~~person or entity that contracts with the AdSS for the provision of~~
45 ~~covered services to members according to the provisions A.R.S.~~

- 46 ~~§36-2901 et seq. or any subcontractor of a provider delivering~~
47 ~~such services.~~
- 48 C. Claims Recoupment—~~An action initiated by the AdSS to recover~~
49 ~~all or part of a previously paid claim(s). Recoupments include~~
50 ~~AdSS initiated/requested repayments, as well as overpayments~~
51 ~~identified by the provider where the AdSS seeks to actively~~
52 ~~withhold or withdraw funds to correct the overpayment from the~~
53 ~~provider. For purposes of this policy, a recoupment is a recovery~~
54 ~~and subsequent repayment of a claim(s) with a differential~~
55 ~~greater than \$50,000 that is not completed within 30 days. An~~
56 ~~adjustment that is greater than \$50,000 and is completed within~~
57 ~~30 days is not considered a recoupment but must be tracked and~~
58 ~~made available to the Division upon request. The information~~
59 ~~tracked should include, at a minimum, the AHCCCS Member ID~~
60 ~~number, date(s) of service, original claim number, date of~~
61 ~~payment, amount paid, amounts recovered and subsequently~~
62 ~~repaid, and dates of recovery and repayment.~~
- 63 D. Claims Refunds—~~An action initiated by a provider to return an~~
64 ~~overpayment to the AdSS. In these instances, the provider~~
65 ~~writes a check or transfers money to the AdSS directly.~~

66
67 POLICY

68 A. GENERAL RECOUPMENT REQUIREMENTS

- 69 1. The AdSS shall reimburse Service Providers and coordinate care
70 for services provided to a Member pursuant to state and federal
71 regulations.
- 72 2. The AdSS shall~~is required to~~ follow the Division's Claims
73 Recoupment provisions as specified in Contract and pPolicy. For
74 requirements specific to adjudication and payment of claims and
75 encounters refer to Policy 203.
- 76 3. The AdSS shall use the following processes to minimize the
77 likelihood of the need to recoup paid claims:
- 78 a. Claims processes;
79 b. Prior authorization; and
80 c. Concurrent and retrospective review processes.
- 81 The AdSS claims processes, as well as its prior authorization, and
82 concurrent and retrospective review processes, shall minimize
83 the likelihood of the need to recoup already paid claims.
- 84 4. The AdSS shall make sufficient effort to correct the root cause of
85 pending encounters.

- 86 The Division reserves the right to deny recoupment requests that are a
87 result of pended encounters where the AdSS has not
88 demonstrated sufficient effort to correct the root cause resulting
89 in pended encounters.
- 90 5. The AdSS shall not initiate Claims Recoupments resulting from
91 potential fraud, waste, or abuse.
- 92 6. The AdSS shall report suspected fraud, waste, or abuse to the
93 Division and to the AHCCCS Office of Inspector General (OIG)
94 immediately upon identification.
- 95 7. The AdSS shall, for adjustments that are completed within 30
96 Days from the date of the original payment,
- 97 a. Not request prior approval from the Division.
- 98 b. Track the following adjustment information:
- 99 i. AHCCCS Member ID;
- 100 ii. Date(s) of service;
- 101 iii. Original claim number;
- 102 iv. Date of payment;
- 103 v. Amount paid;

- 104 vi. Amounts recovered and repaid; and
105 vii. Dates of recovery and repayment.
106 c. Make available information on tracked adjustments to the
107 Division upon request.

108 ~~The AdSS is not authorized to initiate recoupments resulting from potential~~
109 ~~fraud, waste, or abuse, and shall promptly notify the AHCCCS/Office of~~
110 ~~Inspector General (OIG) of any potential fraud, waste, or abuse.~~

111 ~~An adjustment that is completed within 30 days from the date of the original~~
112 ~~payment does not require Division prior approval but shall be tracked and~~
113 ~~made available to the Division upon request. The information tracked should~~
114 ~~include, at a minimum, the AHCCCS Member ID number, date(s) of service,~~
115 ~~original claim number, date of payment, amount paid, amounts recovered~~
116 ~~and subsequently repaid, and dates of recovery and repayment.~~

117 ~~Adjustments completed more than 30 days from the date of the original~~
118 ~~payment may require Division prior approval, as specified below.~~

119 **Recoupments Over \$50,000 Or One Year**

120
121 **B. ADJUSTMENTS THAT REQUIRE PRIOR APPROVAL FROM AHCCCS**

- 122 1. The AdSS shall request prior approval from the Division for
123 adjustments completed more than 30 Days from the date of the
124 original payment, as specified in this Section.

125 A2. Individual Claims Recoupments Single Recoupment in Excess of
126 \$50,000:

127 a. Prior to initiating any individual single Claims Recoupment
128 in excess of \$50,000 per Service provider Tax
129 Identification Number (TIN), the AdSS ~~shall~~must submit a
130 ~~written~~ request for approval to the Division Compliance
131 Officer ~~at least 30 calendar days prior to initiating the~~
132 ~~recoupment, or earlier if the information is available,~~ in the
133 format listed below:

134 i1. A ~~detailed~~ letter of explanation that describes:

135 1)a. How the need for Claims Recoupment was
136 identified;

137 2)b. The systemic causes resulting in the need for a
138 Claims Recoupment;

139 3)c. The process that will be used to recover the
140 funds;

141 4)d. Methods to notify the affected Service
142 provider(s) prior to Claims Recoupment;

- 143 5)e. The anticipated timeline for the project;
- 144 6)f. The corrective actions that will be implemented to
- 145 avoid future occurrences;
- 146 7)g. Total Claims Recoupment amount, total
- 147 number of claims, range of dates for the claims
- 148 being recouped, and total number of Service
- 149 providers impacted; and
- 150 8)h. Other Claims Recoupment action(s) specific to this
- 151 Service provider within the contract year.

152 A separate recoupment request shall be submitted for each identified need

153 for recoupment, however, if multiple providers are impacted by a single

154 need for a recoupment, one request shall be submitted.

- 156
- 157 ii2. An electronic file containing the following:
- 158
- 159 1)a. AHCCCS Member ID;
- 160
- 161 2)b. Date of service;
- 162
- 163 3)c. AHCCCS original claim number;
- 164
- 165 4)d. Date of payment;
- 166
- 167 5)e. Amount paid; and
- 168

- 169 ~~6)f.~~ Amount to be recouped.
- 170
- 171 ~~iii3.~~ A copy of the written communication that will serve
- 172 as prior notification to the affected [Service](#)
- 173 ~~pP~~provider(s) [with the following information:](#) ~~The~~
- 174 [communication must include, at a minimum:](#)
- 175 ~~1)a.~~ How the need for the [R](#)ecoupment was
- 176 identified;
- 177 ~~2)b.~~ The process that will be used to recover the
- 178 funds;
- 179 ~~3)c.~~ The anticipated timeline for the [R](#)ecoupment;
- 180 ~~4)d.~~ The [Service pP](#)rovider's right to file a claim
- 181 dispute;
- 182 ~~5)e.~~ Total [R](#)ecoupment amount, total number of
- 183 claims, and ranges of dates for the claims
- 184 being recouped; [and](#)
- 185 ~~6)f.~~ Listing of impacted claim numbers.

- 186 b. The AdSS shall submit to the Division a separate
187 Recoupment request for each identified need for
188 Recoupment.
- 189 c. The AdSS shall submit one Recoupment request to the
190 Division if multiple Service Providers are impacted by a
191 single need for a Recoupment.
- 192 d. The AdSS shall not send written notification of Recoupment
193 to affected Service Providers until prior approval is
194 received from the Division.

195 ~~The written communication must be approved by Division prior to being sent~~
196 ~~to the provider(s).~~

197

198 3B. Recoupment of Payments Initiated More than 12 Months from
199 the Date of Original Payment

200 a. The AdSS ~~shall not be prohibited from~~ initiating ~~the~~ Recoupment of
201 monies from a Service Provider TIN more than 12 months from the date of
202 original payment of a clean claim unless prior approval is obtained from the
203 Division. ~~Retroactive third party recoveries for Third Party Liability (TPL) are~~
204 ~~not included in this discussion.~~

205 b. The AdSS shall request prior approval for Recoupment of
206 payments initiated more than 12 months from the date of
207 original payment by submitting a request to the Division as
208 specified in Contract in the format listed below:

209 ~~To request approval from the Division, the AdSS must submit a request in~~
210 ~~writing to the designated Division Compliance Officer with all the following~~
211 ~~information:~~

212 i1. A ~~detailed~~ letter of explanation that describes:

213 1)a. How the need for the Recoupment was
214 identified;

215 2)b. The systemic causes resulting in the need for
216 Recoupment;

217 3)c. The process that will be used to recover the
218 funds;

219 4)d. Methods to notify the affected Service
220 provider(s) prior to Recoupment;

221 5)e. The anticipated timeline for the project;

222 6)f. The corrective actions that will be implemented
223 to avoid future occurrences; and

224 7)g. Total Recoupment amount, total number of
225 claims, range of dates for the claims being
226 recouped, and total number of Service
227 Providers impacted.

228 A separate recoupment request shall be submitted for each identified need
229 for recoupment, however, if multiple providers are impacted by a
230 single need for a recoupment, one request shall be submitted.

231 ii2. An eElectronic file containing the following:

232 1)a. AHCCCS Member ID;

233 2)b. Date of service;

234 3)c. AHCCCS original claim number;

235 4)d. Date of payment;

236 5)e. Amount paid; and

237 6)f. Amount to be recouped.

238 iii3. A copy of the written communication that will serve
239 as prior notification to the affected Service

240 provider(s) with the following information:-The

241 communication must include at a minimum:-

- 250 1)a. How the need for the Recoupment was
251 identified;
- 252 2)b. The process that will be used to recover the
253 funds;
- 254 3)c. The anticipated timeline for the Recoupment;
- 255 4) The Service Provider's right to file a claim
256 dispute;
- 257 5)d. Total Recoupment amount, total number of
258 claims, and ranges of dates for the claims
259 being recouped; and
- 260 6)e. Listing of impacted claim numbers.
- 261 c. The AdSS shall submit to the Division a separate
262 Recoupment request for each identified need for
263 Recoupment.
- 264 d. The AdSS shall submit one Recoupment request to the
265 Division if multiple Service Providers are impacted by a
266 single need for a Recoupment.

267 e. The AdSS shall not send written notification of Recoupment
268 to affected Service Providers until prior approval is
269 received from the Division.

270 ~~The written communication must be approved by the Division prior to being~~
271 ~~sent to the provider(s).~~

272
273 **C. CUMULATIVE RECOUPMENTS IN EXCESS OF \$50,000 PER SERVICE**
274 **PROVIDER PER CONTRACT YEAR**

275 ~~Cumulative Recoupment in Excess of \$50,000 per Contract Year~~

276
277 1. The AdSS shall~~must continuously~~ track Recoupment efforts per
278 Service Provider TIN monthly.

279 2. When Recoupment amounts for a Service Provider TIN
280 cumulatively exceed \$50,000 for Recoupments dated during a
281 contract year, ~~(based on recoupment date),~~ the AdSS shall~~must~~
282 report the cumulative Recoupment monthly to the designated
283 Division Compliance Officer as outlined in the Division Claims
284 Dashboard Reporting Guide.

285 **D. DATA PROCESSES FOR RECOUPMENT**~~Data Processes for~~
286 **Recoupment**

- 287 1. Upon receipt of approval for Recoupment from the Division, the
288 AdSS shall have no more than 120 Days to complete the
289 Recoupment project and submit the following as- stated in the
290 Division's contract within 120 Days:specified:
- 291 a. Notification of the submission for the voided or
292 replacement encounters. (which shall reach adjudicated
293 status within the 120 Days of the approval of the
294 recoupment) and the appropriate associated information
295 for all impacted encounters for recouped claims.
- 296 b. The appropriate associated information for all impacted
297 encounters for recouped claims.
- 298 2. The AdSS shall ensure the voided or replacement encounters
299 have reached adjudicated status within the 120 Days of the
300 Division's approval of the Recoupment.
- 301
- 302 3. Upon completion of the Recoupment project, the AdSS
303 shall send a separate electronic file to the Division containing all
304 of the following information for all recouped claims and for each

305 adjudicated encounter:-(this is independent of the 837 file(s)
306 submitted through Encounters):

307 -a. AHCCCS Member ID;Identification number;

308 b. Date of service;

309 c. Original AHCCCS CRN;

310 d. New AHCCCS CRN;

311 e. Health Pplan aAllowed amount;

312 f. Health pPlan pPaid amount; and

313 g. Service Provider iIdentification nNumber.

314 The AdSS shall submit the above information for each adjudicated
315 encounter.

316 4. Upon the Division's request, the AdSS shall submit an external
317 file to update impacted encounters within 120 Days.

318 Dependent on the size and/or volume of the recoupment request, the
319 Division may require the AdSS to submit an external file in order to directly
320 update impacted encounters in the timeframe prescribed above.
321 Failure to submit complete information within the specified timeframe will be
322 considered a violation of the contract and may result in contract action. The
323 Division will validate the submission of applicable voided and replacement
324 encounters upon completion of this project. As a result of amending the
325 encounter data, the Division may adjust related reinsurance payments,
326 reconciliation payments, or any other amounts paid to the AdSS that are
327 impacted by the recoupment.

329 **E. DATA PROCESSES FOR CLAIMS REFUNDS**~~Data-Process for~~

330 **Refunds**

331 1. Upon receipt of a Claims Rrefund from a Service pProvider, the
332 AdSS shall have 120 Days to void or replace related encounters
333 within 120 Days.

334 2. The AdSS shall ensure Aall voided or replaced encounters-shall
335 reach an adjudicated status within the 120-d Days timeframe.

336 3. The AdSS shall also be able to identify- provide the
337 following information for all Claims rRefunds received and
338 provide this information to the Division upon request:

339 a. The systemic causes resulting in the need for the Claims
340 rRefund and/or an explanation of why the refund
341 occurred; ;

342 b. The corrective action(s) that will be implemented to avoid
343 future occurrences, if applicable; ;

344 c. Cumulative Claims rRefund amount, total number of
345 claims, and range of dates for the claims impacted by the
346 refund; ; and

347 d. List of impacted claim numbers.

348
349 **F. ATTESTATION Attestation**

350 All documentation and data submitted by the AdSS for purposes of
351 Recoupment and Claims Refund activities shall be certified by the
352 AdSS as specified in 42 C.F.R. § 457.1285 and, 42 C.F.R. § 438.600 et
353 seq. If it is determined after the recoupment or refund action that
354 information provided to the Division is inaccurate, invalid, or
355 incomplete, or that the AdSS failed to comply with any provision of
356 this Policy, the AdSS may be subject to contract actions.

357
358 **SUPPLEMENTAL INFORMATION**

359
360 **A. For requirements specific to adjudication and payment of claims and**
361 **encounters, refer to ACOM 203.**

362 **B. The Division reserves the right to deny Recoupment requests that are**
363 **a result of pended encounters where the AdSS has not demonstrated**
364 **sufficient effort to correct the root cause resulting in pended**
365 **encounters.**

- 366 C. Retroactive recoveries involving commercial insurance payor sources
367 are not included in this policy. For coordination of benefits involving
368 third party liability recoveries see ACOM 434 and Division Operations
369 Manual Chapter 434 Coordination of Benefits and Third Party Liability.
- 370 D. Failure to submit complete information to the Division within the
371 specified timeframe will be considered a violation of the contract and
372 may result in contract action.
- 373 E. The Division will validate the submission of applicable voided and
374 replacement encounters upon completion of the project.
- 375 F. As a result of amending the encounter data, the Division may adjust
376 related reinsurance payments, reconciliation payments, or any other
377 amounts paid to the AdSS that are impacted by the Recoupment.
- 378 G. If it is determined after the Recoupment or Claims Refund action that
379 the AdSS provided the Division inaccurate, invalid, or incomplete
380 information, or that the AdSS failed to comply with any provision of
381 this policy, the AdSS may be subject to contract actions.

382
383