

412 CLAIMS RECOUPMENTS AND REFUNDS

REVISION DATE: 6/12/2024

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EFFECTIVE DATE: October 1, 2019

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

PURPOSE

This policy outlines the requirements for Claims Recoupment and Claims Refund activities for the Division's Administrative Services Subcontractors (AdSS).

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 overpayments identified by the Service Provider where the AdSS seeks to actively withhold or withdraw funds to correct the overpayment from the Service Provider.
2. "Claims Refunds" means an action initiated by a Service Provider to return an overpayment to the AdSS. In these instances, the

Service Provider writes a check or transfers money to the AdSS directly.

3. "Day" means calendar day unless otherwise specified.
4. "Member" means the same as "Client" as defined in A.R.S. § 36-551.
5. "Service Provider" means an agency or individual operating under a contract or service agreement with the AdSS to provide services to Division Members.

POLICY

A. GENERAL RECOUPMENT REQUIREMENTS

1. The AdSS shall reimburse Service Providers and coordinate care for services provided to a Member pursuant to state and federal regulations.
2. The AdSS shall follow the Division's Claims Recoupment provisions as specified in Contract and policy.
3. The AdSS shall use the following processes to minimize the likelihood of the need to recoup paid claims:
 - a. Claims processes;

- b. Prior authorization; and
 - c. Concurrent and retrospective review processes.
4. The AdSS shall make sufficient effort to correct the root cause of pending encounters.
5. The AdSS shall not initiate Claims Recoupments resulting from potential fraud, waste, or abuse.
6. The AdSS shall report suspected fraud, waste, or abuse to the Division and to the AHCCCS Office of Inspector General (OIG) immediately upon identification.
7. The AdSS shall, for adjustments that are completed within 30 Days from the date of the original payment,
 - a. Not request prior approval from the Division.
 - b. Track the following adjustment information:
 - i. AHCCCS Member ID;
 - ii. Date(s) of service;
 - iii. Original claim number;
 - iv. Date of payment;
 - v. Amount paid;

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

B. ADJUSTMENTS THAT REQUIRE PRIOR APPROVAL FROM DDD

- 1. The AdSS shall request prior approval from the Division for adjustments completed more than 30 Days from the date of the original payment, as specified in this Section.
- 2. Individual Claims Recoupments in Excess of \$50,000:
 - a. Prior to initiating any individual Claims Recoupment in excess of \$50,000 per Service Provider Tax Identification Number (TIN), the AdSS shall submit a request for approval to the Division Compliance Officer in the format listed below:
 - i. A letter of explanation that describes:
 - 1) How the need for Claims Recoupment was identified;

- 2) The systemic causes resulting in the need for Claims Recoupment;
 - 3) The process that will be used to recover the funds;
 - 4) Methods to notify the affected Service Provider(s) prior to Claims Recoupment;
 - 5) The anticipated timeline for the project;
 - 6) The corrective actions that will be implemented to avoid future occurrences;
 - 7) Total Claims Recoupment amount, total number of claims, range of dates for the claims being recouped, and total number of Service Providers impacted; and
 - 8) Other Claims Recoupment action(s) specific to this Service Provider within the contract year.
- ii. An electronic file containing the following:
- 1) AHCCCS Member ID;
 - 2) Date of service;
 - 3) AHCCCS original claim number;

- 4) Date of payment;
 - 5) Amount paid; and
 - 6) Amount to be recouped.
- iii. A copy of the written communication that will serve as prior notification to the affected Service Provider(s) with the following information:
- 1) How the need for the Recoupment was identified;
 - 2) The process that will be used to recover the funds;
 - 3) The anticipated timeline for the Recoupment;
 - 4) The Service Provider's right to file a claim dispute;
 - 5) Total Recoupment amount, total number of claims, and ranges of dates for the claims being recouped; and
 - 6) Listing of impacted claim numbers.

- b. The AdSS shall submit to the Division a separate Recoupment request for each identified need for Recoupment.
 - c. The AdSS shall submit one Recoupment request to the Division if multiple Service Providers are impacted by a single need for a Recoupment.
 - d. The AdSS shall not send written notification of Recoupment to affected Service Providers until prior approval is received from the Division.
3. Recoupment of Payments Initiated More than 12 Months from the Date of Original Payment:
- a. The AdSS shall not initiate Recoupment of monies from a Service Provider TIN more than 12 months from the date of original payment of a clean claim unless prior approval is obtained from the Division.
 - b. The AdSS shall request prior approval for Recoupment of payments initiated more than 12 months from the date of

original payment by submitting a request to the Division as specified in Contract in the format listed below:

- i. A letter of explanation that describes:
 - 1) How the need for the Recoupment was identified;
 - 2) The systemic causes resulting in the need for Recoupment;
 - 3) The process that will be used to recover the funds;
 - 4) Methods to notify the affected Service Provider(s) prior to Recoupment;
 - 5) The anticipated timeline for the project;
 - 6) The corrective actions that will be implemented to avoid future occurrences; and
 - 7) Total Recoupment amount, total number of claims, range of dates for the claims being recouped, and total number of Service Providers impacted.
- ii. An electronic file containing the following:

- 1) AHCCCS Member ID;
 - 2) Date of service;
 - 3) AHCCCS original claim number;
 - 4) Date of payment;
 - 5) Amount paid; and
 - 6) Amount to be recouped.
- iii. A copy of the written communication that will serve as prior notification to the affected Service Provider(s) with the following information:
- 1) How the need for the Recoupment was identified;
 - 2) The process that will be used to recover the funds;
 - 3) The anticipated timeline for the Recoupment;
 - 4) The Service Provider's right to file a claim dispute;

- 5) Total Recoupment amount, total number of claims, and ranges of dates for the claims being recouped; and
 - 6) Listing of impacted claim numbers.
- c. The AdSS shall submit to the Division a separate Recoupment request for each identified need for Recoupment.
 - d. The AdSS shall submit one Recoupment request to the Division if multiple Service Providers are impacted by a single need for a Recoupment.
 - e. The AdSS shall not send written notification of Recoupment to affected Service Providers until prior approval is received from the Division.

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

1. The AdSS shall track Recoupment efforts per Service Provider TIN monthly.

2. When Recoupment amounts for a Service Provider TIN cumulatively exceed \$50,000 for Recoupments dated during a contract year, the AdSS shall report the cumulative Recoupment monthly to the designated Division Compliance Officer as outlined in the Division Claims Dashboard Reporting Guide.

D. DATA PROCESSES FOR RECOUPMENT

1. Upon receipt of approval for Recoupment from the Division, the AdSS shall complete the Recoupment project and submit the following as stated in the Division's contract within 120 Days:
 - a. Notification of the submission for the voided or replacement encounters.
 - b. The appropriate associated information for all impacted encounters for recouped claims.
2. The AdSS shall ensure the voided or replacement encounters have reached adjudicated status within the 120 Days of the Division's approval of the Recoupment.
3. Upon completion of the Recoupment project, the AdSS shall send a separate electronic file to the Division containing all of the

following information for all recouped claims and for each adjudicated encounter:

- a. AHCCCS Member ID;
 - b. Date of service;
 - c. Original AHCCCS CRN;
 - d. New AHCCCS CRN;
 - e. Health plan allowed amount;
 - f. Health plan paid amount; and
 - g. Service Provider identification number.
4. Upon the Division's request, the AdSS shall submit an external file to update impacted encounters within 120 Days.

E. DATA PROCESSES FOR CLAIMS REFUNDS

1. Upon receipt of a Claims Refund from a Service Provider, the AdSS shall void or replace related encounters within 120 Days.
2. The AdSS shall ensure all voided or replaced encounters reach an adjudicated status within 120 Days.
3. The AdSS shall provide the following information for all Claims Refunds received to the Division upon request:

- a. The systemic causes resulting in the need for the Claims Refund and an explanation of why the refund occurred;
- b. The corrective action(s) that will be implemented to avoid future occurrences, if applicable;
- c. Cumulative Claims Refund amount, total number of claims, and range of dates for the claims impacted by the refund;
and
- d. List of impacted claim numbers.

F. ATTESTATION

The AdSS shall certify all documents and data submitted by the AdSS for purposes of Recoupment and Claims Refund activities as specified in 42 C.F.R. § 457.1285 and 42 C.F.R. § 438.600 et seq.

SUPPLEMENTAL INFORMATION

- A. For requirements specific to adjudication and payment of claims and encounters, refer to ACOM 203 and Division AdSS Operations Manual 203.

- B.** The Division reserves the right to deny Recoupment requests that are a result of pended encounters where the AdSS has not demonstrated sufficient effort to correct the root cause resulting in pended encounters.
- C.** Retroactive recoveries involving commercial insurance payor sources are not included in this policy. For coordination of benefits involving third party liability recoveries see ACOM 434 and Division AdSS Operations Manual Chapter 434 Coordination of Benefits and Third Party Liability.
- D.** Failure to submit complete information to the Division within the specified timeframe will be considered a violation of the contract and may result in contract action.
- E.** The Division will validate the submission of applicable voided and replacement encounters upon completion of the project.
- F.** As a result of amending the encounter data, the Division may adjust related reinsurance payments, reconciliation payments, or any other amounts paid to the AdSS that are impacted by the Recoupment.

- G.** If it is determined after the Recoupment or Claims Refund action that the AdSS provided the Division inaccurate, invalid, or incomplete information, or that the AdSS failed to comply with any provision of this policy, the AdSS may be subject to contract actions.