

## 412 CLAIMS RECOUPMENT AND REFUNDS

REVISION DATE: XX/XX/XXXX, 7/10/2019

REVIEW DATE: 9/28/2023

EFFECTIVE DATE: May 20, 2016

REFERENCES: The 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., R9-28-701 et seq.; DES/DDD AHCCCS Contract, Section D; ACOM 434; ACOM 412; ACOM Policy 203; ACOM 103; 434; AHCCCS Claims Dashboard Reporting Guide; A.R.S. §§ 36-2901, 35-214; A.A.C. R9-22-701 et seq., R9-28-701 et seq.; The Deficit Reduction Act of 2005 (Public Law 109-171); 42 § C.F.R. 438.600 et seq.

### PURPOSE

This policy identifies the AHCCCS requirements for the Division's claims Recoupment and refund activities.

### **DEFINITIONS**

1A. "Day" means ~~c~~Calendar day unless otherwise specified.

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

B. "Provider" means ~~a~~Any individual or entity that contracts with AHCCCS or the Division for the provision of covered services to members according to the provisions A.R.S. § 36-2901 or any subcontractor of a Provider delivering services. For the purposes

25 ~~of this policy, a Provider delivering services pursuant to A.R.S. §~~  
26 ~~36-2901.~~

27 3C. “Recoupment” means ~~t~~The process the Division takes to  
28 recover all or part of a previously paid claim(s). Recoupments  
29 include Division initiated or/requested repayments, as well as  
30 overpayments identified by the Service Provider where the  
31 Division seeks to actively withhold or withdraw funds to correct  
32 the overpayment from the Service Provider.

33 4D. “Refunds” means ~~a~~An action initiated by a Service Provider to  
34 return an overpayment to the Division by writing a check or  
35 transferring money to the Division directly. ~~In these instances,~~  
36 ~~the Provider may writes a check or transfers money to the~~  
37 ~~Division directly.~~

38 5. “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 **POLICY**Policy

42  
43 A. GENERAL RECOUPMENT REQUIREMENTS  
44

- 45 1. The Division ~~shall is responsible for~~ reimburseing Service  
46 Providers and coordinating care for services provided to a  
47 Member pursuant to state and federal regulations, including,  
48 but not limited to A.A.C. R9-22-701 et seq. and, A.A.C. R9-28-  
49 701 et seq.
- 50 2. The Division ~~shall is required to~~ follow AHCCCS Recoupment  
51 provisions as ~~specified outlined~~ in Contract and pPolicy. ~~For~~  
52 ~~requirements specific to for adjudication and payment of claims~~  
53 ~~and encounters, refer to ACOM Policy 203.~~
- 54 3. The Division shall useThe Division's the following processes to  
55 claims processes, as well as its prior authorization, and  
56 concurrent and retrospective review processes, minimize the  
57 likelihood of the need to recoup paid claims.:
- 58 a. Claims processes;  
59 b. Prior authorization; and  
60 c. Concurrent and retrospective review processes.
- 61 4. The Division shall make sufficient effort to correct the root cause  
62 of pended encounters.

63 ~~5. The Division and its subcontractors shall be not authorized to~~  
64 ~~initiate Recoupments resulting from potential fraud, waste, or~~  
65 ~~abuse. Refer to ACOM Policy 103.~~

66 6. The Division shall, for Adjustments that are completed  
67 within 30 days from the date of the original payment,

68 a. Not request prior approval from AHCCCS;

69 b. Track the following adjustment information:

70 i. AHCCCS Member ID;

71 ii. Date(s) of service;

72 iii. Original claim number;

73 iv. Date of payment;

74 v. Amount paid;

75 vi. Amounts recovered and repaid; and

76 vii. Dates of recovery and repayment.

77 c. Make available information on tracked adjustments to  
78 AHCCCS upon request.

79 ~~make adjustments to does not require AHCCCS prior approval, but will be~~  
80 ~~tracked and made available to AHCCCS upon request. The information~~  
81 ~~tracked should include, at a minimum, the AHCCCS Member ID number,~~

82 ~~date(s) of service, original claim number, date of payment, amount paid,~~  
83 ~~amounts recovered and subsequently repaid, and dates of recovery and~~  
84 ~~repayment.~~

85 **B. ADJUSTMENTS THAT REQUIRE PRIOR APPROVAL FROM AHCCCS**

86 **1. The Division shall request prior approval from AHCCCS for**

87 ~~A~~adjustments completed more than 30 days from the date of the  
88 original payment, ~~may require AHCCCS prior approval,~~ as  
89 ~~specified in this Section outlined below.~~

90 **2. Individual Recoupments in Excess of \$50,000:**

91 a. Prior to initiating any individual Recoupment in excess of  
92 \$50,000 per Provider Tax Identification Number (TIN), the  
93 Division ~~shall~~ submits a ~~written~~ request for approval to  
94 AHCCCS as specified in Contract ~~(30 days30days)~~ or  
95 earlier if the information is available, in the format listed  
96 ~~detailed~~ below:

97 i. A. ~~A detailed~~ letter of explanation ~~will~~shall be  
98 ~~submitted with the following that describes:~~

99 1). How the need for Recoupment was identified~~;~~

- 100 2) The systemic causes resulting in the need for a  
101 [Recoupment](#);
- 102
- 103 3) The process that will be utilized to recover the  
104 funds;
- 105 4) Methods to notify the affected [Service](#)  
106 Provider(s) prior to [Recoupment](#);
- 107 5) The anticipated timeline for the project;
- 108 6) The corrective actions that will be implemented  
109 to avoid future occurrences;
- 110 7) Total [Recoupment](#) amount, total number of  
111 claims, range of dates for the claims being  
112 recouped, and total number of [Service](#)  
113 Providers impacted; [and](#)
- 114 8) Other [Recoupment](#) action(s) specific to this  
115 [Service](#) Provider within the contract year.
- 116 ii. [An electronic file containing the following:](#)
- 117 1) [AHCCCS Member ID](#);
- 118 2) [Date of service](#);

- 119                                   3) AHCCCS claim number;  
120                                   4) Date of payment;  
121                                   5) Amount paid; and  
122                                   6) Amount to be recouped.  
123                   iii. A copy of the written communication that will serve  
124                                   as prior notification to the affected Service  
125                                   Provider(s) with the following information:  
126                                   1) How the need for the Recoupment was  
127   identified;  
128                                   2) The process that will be utilized to recover the  
129   funds;  
130                                   3) The anticipated timeline for the Recoupment;  
131                                   4) The Service Provider's right to file a claim  
132   dispute;  
133                                   5) Total Recoupment amount, total number of  
134   claims, and ranges of dates for the claims  
135   being recouped; and  
136                                   6) Listing of impacted claim numbers.  
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- b. The Division shall submit to AHCCCS a separate Recoupment request shall be submitted for each identified need for Recoupment.
- c. The Division shall submit one Recoupment request to AHCCCS, however, if multiple Service Providers are impacted by a single need for a Recoupment, one request shall be submitted.
- d. The Division shall not send written notification of Recoupment to affected Service Providers until prior approval is received from AHCCCS.

- ~~B. An electronic file containing the following:~~
- ~~• AHCCCS member ID~~
  - ~~• Date of service~~
  - ~~• AHCCCS claim number~~
  - ~~• Date of payment~~
  - ~~• Amount paid, and~~
  - ~~• Amount to be recouped.~~



163 ~~C. A copy of the written communication that will serve as prior~~  
164 ~~notification to the affected Provider(s) shall include a minimum of the~~  
165 ~~following:~~

166  
167 1. ~~How the need for the recoupment was identified.~~

168  
169 2. ~~The process that will be utilized to recover the funds.~~

170 3. ~~The anticipated timeline for the recoupment.~~

171  
172 4. ~~The Provider's right to file a claim dispute.~~

173  
174 5. ~~Total recoupment amount, total number of claims and ranges of~~  
175 ~~dates for the claims being recouped.~~

176  
177 6. ~~Listing of impacted claim numbers.~~

178  
179 ~~Note: The written communication must be approved by AHCCCS prior to~~  
180 ~~being sent to the Provider(s).~~

181  
182 3. Recoupment of Payments Initiated More Than 12 Months From the  
183 Date of Original Payment:

184 a. ~~The Division shall notis prohibited from initiating R~~recoupment  
185 of monies from a Service Provider TIN more than 12 months  
186 from the date of original payment of a clean claim unless prior  
187 approval is obtained from AHCCCS.

188 ~~Retroactive recoveries involving commercial insurance payor sources~~  
189 ~~are not included in this discussion. For Coordination of Benefits~~  
190 ~~involving third party liability recoveries see ACOM Policy 434 and~~

191 ~~the Division's Operations Manual Chapter 434 Coordination of~~  
192 ~~Benefits & Third Party Liability.~~

193 bA. The Division shall request~~To request~~ prior approval for  
194 Recoupment of payments initiated more than 12 months from  
195 the date of original payment by ~~from AHCCCS, the Division shall~~  
196 ~~submitting~~s a request to AHCCCS~~in writing~~ as specified in  
197 Contract in the format listed below;~~with all of the following~~  
198 information:

199 i. ~~A detailed~~ letter of explanation ~~will be submitted~~ that  
200 describes~~with the following:~~

- 201 1) ~~How the need for~~ R~~ecoupment was identified;~~
- 202 2) ~~The systemic causes resulting in the need for a~~  
203 R~~ecoupment;~~
- 204 3) ~~The process that will be utilized to recover the~~  
205  funds;
- 206 4) ~~Methods to notify the affected~~ Service Provider(s)  
207  prior to R~~ecoupment;~~
- 208 5) ~~The anticipated timeline for the project;~~

209 6). The corrective actions that will be implemented to  
210 avoid future occurrences; ~~and~~.

211 7). Total Recoupment amount, total number of claims,  
212 range of dates for the claims being recouped, and  
213 total number of Service Providers impacted.

214 ~~A separate recoupment request shall be submitted for each identified~~  
215 ~~need for recoupment, however, if multiple providers are~~  
216 ~~impacted by a single need for a recoupment, one request shall~~  
217 ~~be submitted.~~

218 iiB. An electronic file containing the following:

219 1). AHCCCS Member ID;

220 2). Date of service;

221 3). AHCCCS claim number;

222 4). Date of payment;

223 5). Amount paid; ~~and~~

224 6). Amount to be recouped.

225 iiiC. A copy of the written communication that will serve as  
226 prior notification to the affected Service Provider(s). ~~The~~

- 227 communication shall include at a minimum with the  
228 following information:  
229
- 230 1) How the need for the Recoupment was identified;;
  - 231 2) The process that will be utilized to recover the  
232 funds;;
  - 233 3) The anticipated timeline for the Recoupment;;
  - 234 4) The Service Provider's right to file a claim dispute;;
  - 235 5) Total Recoupment amount, total number of claims  
236 and ranges of dates for the claims being recouped,  
237 and;
  - 238 6) Listing of impacted claim numbers.
- 240 c. The Division shall submit to AHCCCS a separate  
241 Recoupment request for each identified need for  
242 Recoupment.
- 243 d. The Division shall submit one Recoupment request to  
244 AHCCCS if multiple Service Providers are impacted by a  
245 single need for a Recoupment.  
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248 e. The Division shall not send written notification of  
249 Recoupment to affected Service Providers until prior  
250 approval is received from AHCCCS.

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254 ~~Note: The written communication must be approved by AHCCCS prior to~~  
255 ~~being sent to the Provider(s).~~

256  
257 C. CUMULATIVE RECOUPMENTS IN EXCESS OF \$50,000 PER PROVIDER  
258 PER CONTRACT YEAR~~Cumulative Recoupments in Excess of~~  
259 ~~\$50,000 per Provider per Contract Year~~

260  
261 1. The Division ~~shall continuously~~ tracks Recoupment efforts per  
262 Service Provider TIN monthly.

263 2. When Recoupment amounts for a Service Provider TIN  
264 cumulatively exceed \$50,000 for Recoupments dated during a  
265 Contract Year ~~(based on Rrecoupment date)~~, the Division shall  
266 reports the cumulative Recoupment monthly as outlined in the  
267 AHCCCS Claims Dashboard Reporting Guide and as specified in  
268 the Division's contract.

269  
270 AHCCCS Responsibility and Authority

271  
272 ~~AHCCCS reserves the right to evaluate and to present the proposed~~  
273 ~~recoupment action to the affected Providers as part of the approval and or~~  
274 ~~notification process. Communication will be at the timing and discretion of~~  
275 ~~AHCCCS.~~

276  
277 ~~The AHCCCS Division of Health Care Management (DHCM) will review all~~  
278 ~~requests for recoupment, evaluating factors such as validity, accuracy, and~~  
279 ~~efficiency of the Division's processes. DHCM will also evaluate the proposed~~  
280 ~~recoupment for the purposes of minimizing Provider hardship or~~  
281 ~~inconvenience. DHCM will acknowledge all requests in writing through~~  
282 ~~electronic mail upon receipt of the completed file. A written determination~~  
283 ~~will be sent to the Division by electronic mail contingent upon receipt of all~~  
284 ~~required information from the Division.~~

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

288  
289 1. Upon receipt of approval for Recoupment from AHCCCS, the  
290 Division ~~shall have has no more than 120\_ days to~~ complete the  
291 Recoupment project and submit the following as stated in the  
292 Division's contract within 120 Days:

293 aA. Notification of the submission for the voided or  
294 replacement encounters; and

295 i. ~~The Division shall ensure the voided or replacement~~  
296 encounters have (which shall reached reaches  
297 adjudicated status within the 120\_ dDays of the  
298 AHCCCS' approval of the Rrecoupment.) and

299                    b. ~~The~~ appropriate associated information for all impacted  
300                    encounters for recouped claims.

301                    2. The Division shall ensure the voided or replacement encounters  
302                    have reached adjudicated status within the 120 Days of the  
303                    AHCCCS' approval of the Recoupment.

304                    3.B. Upon completion of the Recoupment project, the Division shall  
305                    send a separate electronic file to AHCCCS containing all of the  
306                    following information for all recouped claims and for each  
307                    adjudicated encounter: (this is independent of the 837 file(s)  
308                    submitted through Encounters):

309                    a.• AHCCCS Member ID; ~~identification number~~

310                    b.• Date of service;

311                    c.• Original AHCCCS CRN;

312                    d.• New AHCCCS CRN;

313                    e.• Health plan allowed amount;

314                    f.• Health plan paid amount; ~~;~~ and

315                    g.• Provider identification number.

316                    ~~Note: The Division shall submits the above information for each adjudicated~~  
317                    ~~encounter.~~

326 4. ~~Dependent on the size and/or volume of the recoupment~~  
327 ~~request, AHCCCS may require~~ Upon AHCCCS' request, ~~the~~  
328 Division ~~shall to~~ submit an external file ~~in order to~~ directly  
329 update impacted encounters ~~within 120 Days. in the timeframe~~  
330 ~~prescribed above.~~

331 ~~Failure to submit complete information within the specified timeframe will be~~  
332 ~~considered a violation of the contract and may result in administrative~~  
333 ~~action. AHCCCS will validate the submission of applicable voided and~~  
334 ~~replacement encounters upon completion of this project. As a result of~~  
335 ~~amending the encounter data, AHCCCS may adjust related reinsurance~~  
336 ~~payments, reconciliation payments, or any other amounts paid to the~~  
337 ~~Division that are impacted by the recoupment.~~

338 E. DATA PROCESSES FOR REFUNDS ~~Data Processes for Refunds~~

339  
340 1. Upon receipt of refund from a Service Provider, the Division shall  
341 ~~have~~ ~~has~~ 120 days from the date of the refund to void or replace  
342 related encounters within 120 Days.

343 2. The Division shall ensure aAll voided or replaced encounters shall  
344 reaches an adjudicated status within the 120 -dDays. timeframe.

345 3A. The Division shall ~~identifyies and provide~~ the following  
346 information for all refunds received ~~and provide this information~~  
347 to AHCCCS upon request:



- 348 a1. The systemic causes resulting in the need for the refund and ~~for~~  
349 an explanation of why the refund occurred;~~;~~
- 350 b2. The corrective action(s) that will be implemented to avoid future  
351 occurrences, if applicable;~~;~~
- 352 c3. Cumulative refund amount, total number of claims, and range of  
353 dates for the claims impacted by the refund;~~;~~ and
- 354 d4. List of impacted claim numbers.

355  
356 **F. ATTESTATION** ~~Attestation~~

357  
358 The Division shall certify Aall documentation and data submitted by the  
359 Division for purposes of Rrecoupment and refund activities ~~certified by the~~  
360 ~~Division~~ as specified in ~~42~~ 42 § C.F.R. 457.1285 and, 42 § C.F.R. 438.600  
361 ~~et seq. If it is determined after the recoupment or refund action that~~  
362 ~~information provided to AHCCCS is inaccurate, invalid, or incomplete, or that~~  
363 ~~the Division failed to comply with any provisions of AHCCCS Policy 412—~~  
364 Claims Recoupment and Refunds, ~~the Division may be subject to~~  
365 administrative actions.

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369 **SUPPLEMENTAL INFORMATION**

- 370  
371 A. For requirements specific to adjudication and payment of claims and  
372 encounters, refer to ACOM 203.
- 373 B. Retroactive recoveries involving commercial insurance payor sources  
374 are not included in this policy. For Coordination of Benefits involving  
375 third party liability recoveries see ACOM 434 and Division Operations  
376 Manual Chapter 434 Coordination of Benefits and Third Party Liability.
- 377 C. AHCCCS reserves the right to evaluate and to present the proposed  
378 Recoupment action to the affected Service Providers as part of the  
379 approval and or notification process. Communication will be at the  
380 timing and discretion of AHCCCS.
- 381 D. The AHCCCS Division of Health Care Management (DHCM) will review  
382 all requests for Recoupment, evaluating factors such as validity,  
383 accuracy, and efficiency of the Division's processes.
- 384 E. DHCM will also evaluate the proposed Recoupment for the purposes of  
385 minimizing Service Provider hardship or inconvenience.
- 386 F. DHCM will acknowledge all Recoupment requests in writing through  
387 electronic mail upon receipt of the completed file. A written

- 388 determination will be sent to the Division by electronic mail contingent  
389 upon receipt of all required information from the Division.
- 390 **G.** Separate electronic files of all recouped claims sent by the Division to  
391 AHCCCS upon completion of a Recoupment project are independent of  
392 the 837 file(s) submitted through encounters.
- 393 **H.** Failure to submit complete information within the specified timeframe  
394 will be considered a violation of the contract and may result in  
395 administrative action.
- 396 **I.** AHCCCS will validate the submission of applicable voided and  
397 replacement encounters upon completion of this project. As a result of  
398 amending the encounter data, AHCCCS may adjust related reinsurance  
399 payments, reconciliation payments, or any other amounts paid to the  
400 Division that are impacted by the Recoupment.
- 401 **J.** If it is determined after the Recoupment or refund action that  
402 information provided to AHCCCS is inaccurate, invalid, or incomplete,  
403 or that the Division failed to comply with any provisions of ACOM 412,  
404 the Division may be subject to administrative actions.