

412 CLAIMS RECOUPMENTS AND REFUNDS

REVISION DATE: 6/12/2024, 7/10/2019

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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 203; ACOM 103; AHCCCS Claims Dashboard Reporting Guide

PURPOSE

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

DEFINITIONS

1. "Day" means calendar day unless otherwise specified.
2. "Member" means the same as "Client" as defined in A.R.S. § 36-551.
3. "Recoupment" means the process the Division takes to recover all or part of a previously paid claim(s). Recoupments include Division initiated or requested repayments, as well as overpayments identified by the Service Provider where the Division seeks to actively withhold or withdraw funds to correct the overpayment from the Service Provider.

4. "Refunds" means an action initiated by a Service Provider to return an overpayment to the Division by writing a check or transferring money to the Division directly.
5. "Service Provider" means an agency or individual operating under a contract or service agreement with the Department to provide services to Division Members.

POLICY

A. GENERAL RECOUPMENT REQUIREMENTS

1. The Division shall reimburse Service Providers and coordinate care for services provided to a Member pursuant to state and federal regulations, including, but not limited to A.A.C. R9-22-701 et seq. and A.A.C. R9-28-701 et seq.
2. The Division shall follow AHCCCS Recoupment provisions as specified in Contract and policy.
3. The Division 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 Division shall make sufficient effort to correct the root cause of pended encounters.
5. The Division and its subcontractors shall not initiate Recoupments resulting from potential fraud, waste, or abuse.
6. The Division shall, for adjustments that are completed within 30 Days from the date of the original payment,
 - a. Not request prior approval from AHCCCS;
 - 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 AHCCCS upon request.

B. ADJUSTMENTS THAT REQUIRE PRIOR APPROVAL FROM AHCCCS

1. The Division shall request prior approval from AHCCCS for adjustments completed more than 30 Days from the date of the original payment, as specified in this Section.
2. Individual Recoupments in Excess of \$50,000:
 - a. Prior to initiating any individual Recoupment in excess of \$50,000 per Service Provider Tax Identification Number (TIN), the Division shall submit a request for approval to AHCCCS as specified in Contract 30 Days or earlier if the information is available, in the format listed below:
 - i. A letter of explanation that describes:
 - 1) How the need for Recoupment was identified;
 - 2) The systemic causes resulting in the need for a Recoupment;
 - 3) The process that will be utilized 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;
 - 7) Total Recoupment amount, total number of claims, range of dates for the claims being recouped, and total number of Service Providers impacted; and
 - 8) Other 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 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 utilized 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 Division shall submit to AHCCCS a separate Recoupment request for each identified need for Recoupment.
 - c. The Division shall submit one Recoupment request to AHCCCS if multiple Service Providers are impacted by a single need for a Recoupment.

- d. The Division shall not send written notification of Recoupment to affected Service Providers until prior approval is received from AHCCCS.
3. Recoupment of Payments Initiated More Than 12 Months From the Date of Original Payment:
 - a. The Division 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 AHCCCS.
 - b. The Division shall request prior approval for Recoupment of payments initiated more than 12 months from the date of original payment by submitting a request to AHCCCS as specified in Contract in the format listed below:
 - i. A letter of explanation that describes:
 - 1) How the need for Recoupment was identified;
 - 2) The systemic causes resulting in the need for a Recoupment;
 - 3) The process that will be utilized 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 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 utilized 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 Division shall submit to AHCCCS a separate Recoupment request for each identified need for Recoupment.
- d. The Division shall submit one Recoupment request to AHCCCS if multiple Service Providers are impacted by a single need for a Recoupment.

- e. The Division shall not send written notification of Recoupment to affected Service Providers until prior approval is received from AHCCCS.

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

1. The Division 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 Division shall report the cumulative Recoupment monthly as outlined in the AHCCCS Claims Dashboard Reporting Guide and as specified in the Division's contract.

D. DATA PROCESSES FOR RECOUPMENT

1. Upon receipt of approval for Recoupment from AHCCCS, the Division 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; and

- b. The appropriate associated information for all impacted encounters for recouped claims.
2. The Division shall ensure the voided or replacement encounters have reached adjudicated status within the 120 Days of the AHCCCS' approval of the Recoupment.
3. Upon completion of the Recoupment project, the Division shall send a separate electronic file to AHCCCS 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 AHCCCS' request, the Division shall submit an external file to update impacted encounters within 120 Days.

E. DATA PROCESSES FOR REFUNDS

1. Upon receipt of refund from a Service Provider, the Division shall void or replace related encounters within 120 Days.
2. The Division shall ensure all voided or replaced encounters reach an adjudicated status within 120 Days.
3. The Division shall provide the following information for all refunds received to AHCCCS upon request:
 - a. The systemic causes resulting in the need for the 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 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 Division shall certify all documentation and data submitted by the Division for purposes of Recoupment and 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.
- B.** 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 Operations Manual Chapter 434 Coordination of Benefits and Third Party Liability.
- C.** AHCCCS reserves the right to evaluate and to present the proposed Recoupment action to the affected Service Providers as part of the approval and or notification process. Communication will be at the timing and discretion of AHCCCS.
- D.** The AHCCCS Division of Health Care Management (DHCM) will review all requests for Recoupment, evaluating factors such as validity, accuracy, and efficiency of the Division's processes.
- E.** DHCM will also evaluate the proposed Recoupment for the purposes of minimizing Service Provider hardship or inconvenience.
- F.** DHCM will acknowledge all Recoupment requests in writing through electronic mail upon receipt of the completed file. A written

determination will be sent to the Division by electronic mail contingent upon receipt of all required information from the Division.

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