

Refunds

Failure to Refund Overpayments

- Some say that the Justice Department may be starting to scrutinize physician practices in addition to hospitals. There have been numerous hospital prosecutions.
- East TN Heart Consultants had to pay \$2.9 million and enter a 5 year corporate integrity agreement. \$1.5 million went to the US, \$200,000 to TN, \$1 million to patients, and \$200,000 to private health plans. (Whistleblower suit)
- ETHC ignored Medicare rules and chose only to make refunds when specifically requested.

How and When to Refund

- Is there a pattern or is it a mistake? How large is the overpayment?
- Do not implicate the False Claims Act, penalties of three times the government's damages plus several thousand dollars per claim. Stark has civil penalties of up to \$15,000.
- To disclose or not to disclose? OIG offers a self-disclosure protocol, but the government offers no protection for doing so. Seek legal counsel!
- Consider a letter of explanation. Have legal counsel review.
- Whistleblowers (15-30% of the recovery)

Escheat

- Definition – The succession of abandoned property to the State. It can be a result of a person dying intestate or the failure of a person legally entitled to property to claim it within a prescribed period of time.
- The dormancy period for medical practices is likely 5 years.
- If you discover that you have unclaimed property (it has exceeded the dormancy period), you must make a report by November 1 of discoveries July 1 and the prior 12 months. If the person's last known address is out of state, you must file a report with that state too.
- You are required to make a good faith effort to find the owner. You must send written notice (see sample)
- The penalties are a daily interest penalty, \$1000 daily fine for each day the report is withheld, plus 25% of the value of any property that should have been reported.

NC Retroactive Recoupment Limit Passed

Balance Write-Offs

- Not a way around professional courtesy

- Needs to be a consistent policy (monitor exceptions) for:
 - Financial hardship (once proof of indigence has been provided)
 - The balance has determined to be uncollectible (Per HCCS, a good rule of thumb is at least 3 billing attempts with no payment from the patient, a final notice has been mailed, and account is then sent to collections. This takes on average 3-9 months.)
 - The balance is determined to be uncollectible after a pre-determined period if a collection agency is not used.
- Financial implications of write-offs

Hospital Discounts – OK per the government, will not affect computation of standard charge

Aetna Fined – NJ has stopped Aetna from paying non-participating physicians 125% of Medicare. They were fined almost \$10,000 for violating state insurance laws.

Medicare will not Reimburse for “Never Events” (Serious, Preventable, and Costly Medical Errors)

**North Carolina Department of State Treasurer
Unclaimed Property Program**

**Guide to Unclaimed Property
Due Diligence**

Refer to North Carolina General Statute 116B-59 — Notice by holders to apparent owners

When the owner's money has escheated, they often become upset when they discover that the holder has not made a diligent effort to contact them about their property, especially when their address has not changed. For items \$50 and greater, the law requires that written notices be sent to the owner's last known address on the holder's records, informing them that there is property being held for them. As the law requires simultaneous reporting and remittance, it is important to practice "due diligence" in trying to locate owners prior to reporting their funds to the Escheat and Unclaimed Property Program. It is imperative that the holder mail notices well in advance of the November 1 report due date (May 1 if the holder is a life insurance company). This will allow the owner(s) time to respond. A sample due diligence letter is below.

August 15, 20XX
(February 15, 20XX if life insurance company)

Owner Name
1234 Any Road St. N
Anytown, NC 99999-9999

We are holding unclaimed property *in the amount of \$_____ or Described as* to the person listed above. The owner may claim this property by contacting us at the address and/or telephone number listed below.

ABC Corporation
1st Avenue S.
Big City, US 99999-9999

If satisfactory proof of claim is not presented by October 1, 20XX (April 1, if holder is a life insurance company), the law requires us to submit this property to the North Carolina Department of State Treasurer to whom all further claims must be directed.

Sincerely,

XXXXXXXXXXXXXXXXXX



Guides to Unclaimed Property are published by the Department of State Treasurer, Unclaimed Property Program. Comments and questions should be addressed to Department of State Treasurer, Unclaimed Property, 325 North Salisbury Street, Raleigh, North Carolina 27603-1385 or call (919) 508-1000.

www.nccash.com

State of North Carolina
 Department of State Treasurer
 Unclaimed Property Program
 325 North Salisbury Street
 Raleigh, North Carolina 27603-1385
 (919) 508-1000
www.nccash.com

Unclaimed Property Verification and Checklist
Life Insurers Only
Reporting Period January 1, 2007 through December 31, 2007 – Due May 1, 2008

All Holders Except Life Insurers
Reporting Period July 1, 2006 through June 30, 2007 – Due November 1, 2007

PLEASE TYPE OR USE BLACK INK

THIS FORM MUST BE COMPLETED, NOTARIZED & SUBMITTED WITH REMITTANCE

Holder Name:	Holder Identification Number:
Mailing Address:	Federal Identification Number:
	Date of Incorporation: State of Incorporation:
City:	Telephone Number: ()
State:	Company E-mail Address:
Zip:	Nature of Business: Number of Employees:

Every person, corporation, or other business association, banking or financial organization, insurance company, utility, court or public authority, etc. reporting unclaimed property **must complete** this form (ASD-159) and it should be filed with the Annual Report of Unclaimed Property (ASD-21) and/or Report of Unclaimed Securities (ASD-215) and/or Abandoned Tangible Personal Property (ASD-127). This checklist includes, but is not limited to those items that are covered by the North Carolina Escheat and Unclaimed Property Law, North Carolina General Statute 116B.

CHECKLIST COMPLETION

Please complete the checklist on the back by checking each item that is being reported. Each item checked must be enumerated in the Report of Unclaimed Property (Form ASD-21).

LATE FILING INTEREST PENALTY

In addition to any other penalties, any holder who files after May 1 (Life Insurers) and November 1 (all holders except Life Insurers) shall remit interest at the rate pursuant to North Carolina General Statute 116B-77, currently 5%. The interest penalty is computed as follows: Total amount of property reportable X # of days late/365 X 8%= Interest Penalty

CERTIFICATION AND VERIFICATION

As the person authorized to bind this holder, I, being duly sworn, certify the attached report to be true and properly prepared and examined for correctness, ensuring that all property eligible to be remitted is included in this return, and the property reported has been held for the period required by North Carolina General Statute 116B-53. Further, I certify that notices pursuant to North Carolina General Statute 116B-59 were sent to the owners at their last known address. **This notarized certification is an affidavit attesting that the holder has complied with North Carolina General Statute 116B-59.**

State of _____ County of _____ Name-Print: _____

Subscribed and sworn to before me this _____ day of _____, _____ Title: _____

Notary Public: _____ State of _____ County of _____ Signature: _____

My Commission expires: _____
 (SEAL)

Report Total	\$
Interest Penalty	\$
Total Remittance	\$
Total Shares	

OFFICE USE ONLY

DISKETTE	MAG TAPE	CASSETTE	LOADED	KEYED	BALANCED
CUSIP		SYMBOL	TYPE	PRICE	DATE

Class Code		Dormant Period	Class Code		Dormant Period
ACCOUNT BALANCES DUE			MINERAL PROCEEDS & MINERAL INTERESTS		
AC01	Checking Accounts	5	MI01	Net Revenue Interest	5
AC02	Savings Accounts	5	MI02	Royalties	5
AC03	Matured CD or Savings Cert	10	MI03	Overriding Royalties	5
AC04	Christmas Club Funds	5	MI04	Production Payments	5
AC05	Money-Deposit to Secure Funds	5	MI05	Working Interest	5
AC06	Security Deposits	5	MI06	Bonuses	5
AC07	Unidentified Deposits	5	MI07	Delay Rentals	5
AC08	Suspense Accounts	5	MI08	Shut-In Royalties	5
AC09	Individual Retirement Accounts	3	MI09	Minimum Royalties	5
AC99	Aggregate Account Balances < \$50		MI99	Aggregate Mineral Interests < \$50	5
UNCASHED CHECKS			MISCELLANEOUS CHECKS & INTANGIBLE PERSONAL PROPERTY		
CK01	Cashier's Checks	7	MS01	Wages, Payroll, Salary	2
CK02	Certified Checks	7	MS02	Commissions	2
CK03	Registered Checks	7	MS03	Workers' Compensation Benefits	5
CK04	Treasurer's Checks	5	MS04	Payment for Goods & Services	5
CK05	Drafts	5	MS05	Customer Overpayments	^3/5
CK06	Warrants	5	MS06	Unidentified Remittances	^3/5
CK07	Money Orders	7	MS07	Unrefunded Overcharges	^3/5
CK08	Traveler's Checks	15	MS08	Accounts Payable	5
CK09	Foreign Exchange Checks	5	MS09	Credit Balances	^3/5
CK10	Expense Checks	5	MS10	Discounts Due	^3/5
CK11	Pension Checks	5	MS11	Refunds Due	^3/5
CK12	Credit Checks or Memos	5	MS12	Unredeemed Gift Certificates	***3
CK13	Vendor Checks	5	MS13	Unclaimed Loan Collateral	5
CK14	Checks Written Off to Income	5	MS14	Pension & Profit Sharing Plans (IRA, KEOGH)	3
CK15	Other Outstanding Official Checks	5	MS15	Dissolution or Liquidation	1
CK16	CD Interest Checks	5	MS16	Misc Outstanding Checks	5
CK 99	Aggregate Uncashed Checks < \$50		MS17	Misc Intangible Prop	5
SAFE DEPOSIT BOXES & SAFEKEEPING			MS18	Suspense Liabilities	5
SD01	*Safe Deposit Box Contents	2	MS19	Layaway Deposits & Payments	3
SD02	*Safekeeping/Loan Collateral	5	MS20	Rents	5
SD03	*Other Tangible Property	5	MS99	Aggregate Misc Checks & Intangible Personal Property < \$50	
SD99	Aggregate Safe Deposit Boxes & Safekeeping Items < \$50		SECURITIES		
COURT DEPOSITS			SC01**	Dividends	3
CT01	Escrow Funds	1	SC02**	Interest (Bond Coupons)	3
CT02	Condemnation Awards	1	SC03	Principal Payments	3
CT03	Missing Heirs' Funds	1	SC04**	Equity Payments	3
CT04	Suspense Accounts	1	SC05**	Profits	3
CT05	Other Court Deposits	1	SC06	Funds Paid to Purchase Shares	3
CT06	Real Property Proceeds	#	SC07	Funds For Stocks & Bonds	3
CT07	Cash Bonds	1	SC08	Shares of Stock (Returned by Post Office)	3
CT08	Partial Payments	1	SC09	Cash for Fractional Shares	3
CT09	Judgments	1	SC10	Unexchanged Stock & Fractional Shares of Successor Corp	3
CT10	Trust Funds	1	SC11	Other Cert of Ownership	3
CT99	Aggregate Court Deposits < \$50	1	SC12**	Underlying Shares or Other Outstanding Certificates	3
DEMUTUALIZATION			SC13	Funds for Liquidation Redemption of Surrendered Stocks or Bonds	3
DM01	Cash	3	SC14	Debentures	3
DM02	Stock	3	SC15	US Govt Securities	3
DM99	Aggregate Demutualization Property < \$50	3	SC16	Mutual Fund Shares	3
INSURANCE			SC17	Warrants (Rights)	3
IN01	Individual Policy Benefits or Claim Payments	5	SC18	Matured Bond Principal	3
IN02	Group Policy Benefits or Claim Payments	5	SC19	Dividend Reinvestment Plans	3
IN03	Proceeds Due Beneficiaries	3	SC20	Credit Balances	3
IN04	Proceeds from Matured Policies Endowments or Annuities	3	SC99	Aggregate Security Related Cash < \$50	3
IN05	Premium Refunds	5	UTILITIES		
IN06	Unidentified Remittances	5	UT01	Utility Deposits	1
IN07	Other Amounts Due Under Policy Terms	5	UT02	Membership Fees	1
IN08	Agent Credit Balances	5	UT03	Refunds or Rebates	1
IN99	Aggregate Insurance Property < \$50		UT04	Capital Credit Distributions	3
TRUST, INVESTMENT AND ESCROW ACCOUNTS			UT99	Aggregate Utility Property < \$50	
TR01**	Paying Agent Accounts	5	MISCELLANEOUS		
TR02**	Undelivered/Uncashed Dividends	5	ZZZZ	Properties Not Identified Above	5
TR03	Funds held in Fiduciary Capacity	5			
TR04	Escrow Accounts	5			
TR05	Trust Vouchers	5			
TR99	Aggregate Trust Property < \$50	5			

* This property should be reported on Form ASD-127 prior to submitting the property.

** Specify Date Range (i.e. the date of the first and last payments) on "Periodic Payments" (i.e. outstanding dividend checks) if multiple payments of same property type are being reported for a single property owner.

*** 60% of the unredeemed portion of the face value if an expiration period is displayed on the certificate. Gift certificates with no expiration date, or a statement that the expiration date does not apply in North Carolina, do not escheat.

^ If as a result of retail business transaction, 3 year dormancy period; otherwise, 5 year dormancy period.

Under Court Supervision

INSTRUCTIONS FOR COMPLETING THE ASD-21

Please Type or Print in Black Ink

Holder #: Number listed above company name on the mailing label. If number is unknown, please leave blank.

- (1) Owner(s) Name(s) - *(last name, first name, middle name)*.
- (2) Last known address(es) of owner(s) – *(last known address per holder's records)*.
- (3) Owner(s) Social Security Number(s) - *(if known)*.
- (4) Owner(s) Identifier Number(s) – *(account number, check number, policy number, etc.)*.
- (5) Property Classification Code - *The property classification and the period during which the property is in the custody of the holder are directly related. The Unclaimed Property Verification and Checklist (ASD-159 or it's equivalent, ASD-159G) provides the property classification codes and the statutory custodial period of each type of property. **The completed ASD-159 or ASD-159G MUST accompany this report.***
- (6) Date of Last Transaction - *(date of last deposit or withdrawal made by the owner)*.
Date Property Became Payable, Redeemable, or Returnable – *(date a dividend became payable, the date a check or draft was issued, the date a gift certificate was purchased, etc.)*.
- (7) Amount Due Owner(s) Before Statutory Reductions.
- (8) Statutory Reductions.
 - (8a) Type of Statutory Reductions. (**Attach sample contract**)
Postage is no longer a valid reductions unless specified in written contract.
D = *Dormancy Charge- 116B-57(a). A reasonable charge imposed by the reason of the owner's failure to claim the property within a specified time and only if there is a valid and enforceable written contract under which the holder may impose the charge.*
O = *Other- 116B-57(b). Lawful charges specifically authorized by statute or by valid and enforceable contract.*
Holders must make a good faith effort to locate owners. If the holder imposes these charges, they must be imposed on all owners and not regularly reversed or canceled for some owners and not others, except in case of *bona fide* errors in imposing the charges.
 - (8b) Amount of Statutory Reductions.
- (9) Net Amount Remitted (Line 7 less Line 8) – *(Amount remitted after Statutory Reductions)*.

NOTICE: This form allows for listing multiple aggregate amounts. Any money under \$50.00 may be "lumped together" and reported as aggregate without listing the individual owner's name and address. (To assist in refunds, you may enclose a detail listing of aggregate amounts for our files.) The aggregate amounts should be grouped by property code and listed in the "last" name field as "Aggregate." **Unknown owners should also be listed as aggregate.** The only exception to listing in the aggregate pertains to intangible earnings and capital gains (i.e. dividends) from securities and mutual funds. These accounts should be listed by owner name regardless of the amount of unclaimed money reported.

NOTE: If report is postmarked later than May 1 for life insurers and November 1 for all other holders, an interest penalty may be assessed per NC General Statute 116B-77. The current rate is 8% per annum of the total amount of reportable property.

All unclaimed securities (stocks, bonds and mutual funds) **must** be reported on Form ASD-215.

All tangible property (safe deposit contents or personal property) **must** be reported on Form ASD-127.

The ASD-21 **and** ASD-159 (or it's equivalent ASD-159G) must be completed and signed for the report to be accepted.

Reproduction of this form is authorized; however, please retain the original 8 ½ X 14 size. Additional forms are available at our web address www.nccash.com or may be obtained by contacting our office.

Holders are encouraged to report electronically in NAUPA file format. Electronic reports may be obtained at <http://www.wagers.net/hrs/index.php>. **If you have previously downloaded the HRS software, you will need to download the software again due to changes in the report.** To assist with the loading and balancing of holder reports, we are also requesting that an owner detail paper copy or PDF file be sent.

MAIL REPORTING FORMS and REMITTANCE TO:

North Carolina Department of State Treasurer
Unclaimed Property Program
325 North Salisbury Street
Raleigh, North Carolina 27603-1385
Telephone: (919) 508-1000

Physician or Other Supplier Disagreement with the Overpayment

The physician or other supplier has the right to appeal the decision if he or she disagrees with the overpayment. Effective with Joint Signature Memorandum #255, dated June 3, 2004, recoupment will cease as a result of a demand letter if:

- (a) the overpayment is determined on or after October 29, 2003, and
- (b) a valid first level appeal has been received.

Medicare Collects Interest on Unpaid Overpayments

Part B overpayments must be returned to the local Medicare carrier; physicians and other suppliers must not keep incorrect payments. In addition, these overpayments often require the refund of co-payments made by or on behalf of beneficiaries.



Where Can I Obtain More Information?

Physicians and other suppliers who may have questions related to the overpayment process or who want to know the steps to take when there is a potential overpayment should contact their local Medicare contractor's toll-free customer service number for assistance.

Please visit the following website www.cms.hhs.gov/contacts/lincardir.asp to find the Medicare contractor's toll-free customer service number for your local area.

The Medicare Learning Network (MLN)

The Medicare Learning Network (MLN) is the brand name for official CMS educational products and information for Medicare fee-for-service providers. For additional information visit the Medicare Learning Network's web page at www.cms.hhs.gov/MLNGenInfo on the CMS website.



This brochure was prepared as a service to the public and is not intended to grant rights or impose obligations. This brochure may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents.

What Physicians and Other Suppliers Should Know About Medicare Overpayments

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

Medicare Learning Network

Overview

This brochure provides a general overview of the overpayment process for Medicare Part B providers. Medicare defines Part B providers as physicians and other suppliers.

What is an Overpayment?

Overpayments are Medicare funds a provider or beneficiary has received in excess of amounts due and payable under the Medicare statute and regulations. Once a determination of overpayment has been made, the amount of the overpayment is a debt owed to the Federal Government. Federal law requires CMS to seek recovery of overpayments, regardless of how an overpayment is identified or caused.

An overpayment occurs when Medicare pays more than the proper amount. This is often due to the following:

- Duplicate submission of the same service or claim.
- Payment to the incorrect payee.
- Payment for excluded or medically unnecessary services.
- Payment made as primary payer when Medicare should have paid as secondary payer.



Physician and Other Supplier Responsibilities in an Overpayment Situation

Medicare strives to ensure payment accuracy; however, mistakes occasionally occur. If Medicare pays more than the proper amount, providers are responsible for making voluntary/unsolicited refunds to Medicare as soon as possible, without waiting for notification.

The local Medicare carrier can provide information regarding where to mail the refund. The following must be included with the refund:

- The provider number (and that of the provider who should be paid, if applicable).
- The Medicare number of the patient(s) in question, date of service, and amount overpaid.
- A brief description of the reason for the refund.
- A copy of the remittance notice, highlighting the claim(s) at issue.
- A check for the overpaid amount.

The acceptance of a voluntary/unsolicited refund in no way affects or limits the rights of the Federal Government or any of its agencies or agents to pursue any appropriate criminal, civil, or administrative remedies arising from or relating to the applicable claims.



If Medicare Discovers an Overpayment Before Refund is Made

Physicians and other suppliers are also responsible for timely repayment when Medicare notifies them of an overpayment. Medicare will send a letter listing the service(s) at issue, why the overpayment occurred, and the amount being requested. If the overpayment is not paid within the timeframe specified in the letter, interest is assessed from the date of the letter.

If no response is received from the physician or other supplier 30 days after the date of the first demand letter, a second demand letter shall be sent between day 31 and 45 days. If a full payment is not received 40 days after the date of the first demand letter, the carrier shall start recoupment from future payments on day 41.



**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007**

**SESSION LAW 2007-362
SENATE BILL 1032**

AN ACT TO IMPOSE TIME LIMITATIONS ON OVERPAYMENT RECOVERY UNDER THE PROMPT CLAIM PAYMENTS STATUTE AND TO REQUIRE THAT INSURERS OFFERING HEALTH BENEFITS PLANS PROVIDE INSURANCE IDENTIFICATION CARDS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 58-3-225(h) reads as rewritten:

"(h) ~~To the extent permitted by the contract between the insurer and the health care provider or health care facility, Subject to the time lines required under this section, the insurer may recover overpayments made to the health care provider or health care facility by making demands for refunds and by offsetting future payments. Any such recoveries may also include related interest payments that were made under the requirements of this section. Not less than 30 calendar days before an insurer seeks overpayment recovery or offsets future payments, the insurer shall give written notice to the health care provider or health care facility, which notice shall be accompanied by adequate specific information to identify the specific claim and the specific reason for the recovery. The recovery of overpayments or offsetting of future payments may be made not more than two years after the date of the original claim payment unless the insurer has reasonable belief of fraud or other intentional misconduct by the health care provider or health care facility or its agents, or the claim involves a health care provider or health care facility receiving payment for the same service from a government payor. Recoveries by the insurer must be accompanied by the specific reason and adequate information to identify the specific claim. To the extent permitted by the contract between the insurer and the health care provider or health care facility, the~~ The health care provider or health care facility may recover underpayments or nonpayments by the insurer by making demands for refunds. Any such recoveries by the health care provider or health care facility of underpayments or nonpayment by the insurer may include applicable interest under this section. The period for which such recoveries may be made ~~may be specified in the contract between the insurer and health care provider or health care facility.~~ may not exceed two years after the date of the original claim adjudication, unless the claim involves a health provider or health care facility receiving payment for the same service from a government payor."

SECTION 2. Article 3 of Chapter 58 of the General Statutes is amended by adding a new section to read:

"§ 58-3-247. Insurance identification card.

(a) Every insurer offering a health benefit plan as defined under G.S. 58-3-167, including the State Health Plan, shall provide the health benefit plan subscriber or members with an insurance identification card. The card shall contain at a minimum:

- (1) The subscriber's name and identification number.
- (2) The member's name and identification number, if applicable and different from the subscriber's name and identification number.
- (3) The group number.
- (4) The name of the organization issuing the policy, the name of the organization administering the policy, and the name of the network, whichever applies.
- (5) The effective date of health benefits plan coverage or the date the card is issued if it is after the effective date.

- (6) The address where claims are to be filed and, if applicable, the electronic claims filing payor identification number.
- (7) The policyholder's obligations with regard to co-payments, if applicable, for at least the following:
- a. Primary care office visit.
 - b. Specialty care office visit.
 - c. Urgent care visit.
 - d. Emergency room visit.
- (8) The phone number or Web site address whereby the subscriber, member, or service provider, in compliance with privacy rules under the Health Insurance Portability and Accountability Act may readily obtain the following:
- a. Confirmation of eligibility.
 - b. Benefits verification in order to estimate patient financial responsibility.
 - c. Prior authorization for services and procedures.
 - d. The list of participating providers in the network.
 - e. The employer group number.
 - f. Special mental health medical benefits under the health plan, if applicable.

(b) The insurance identification card must be designed such that if the card is photocopied or electronically scanned, the resulting image is clearly legible. The identification card must present the information in a readily identifiable manner or, alternatively, the information may be embedded on the card and available through magnetic stripe or smart card. The information may also be provided through other electronic technology."

SECTION 3. Section 1 of this act becomes effective January 1, 2008, and applies to claims made for services rendered on and after that date. Section 2 of this act becomes effective January 1, 2009, and applies to policies issued or renewed in health benefits plans on or after that date.

In the General Assembly read three times and ratified this the 1st day of August, 2007.

s/ Beverly E. Perdue
President of the Senate

s/ Joe Hackney
Speaker of the House of Representatives

s/ Michael F. Easley
Governor

Approved 12:41 p.m. this 17th day of August 2007