

30 - Recovery of Overpayment

(Rev. 17, 01-01-03)

When a cost report has been filed by a HMO/CMP indicating an amount is due CMS, or when the HMO/CMP is notified by an NPR or otherwise that an overpayment has been made, the amount involved is a debt owed the United States Government. Under the Federal Claims Collection Act of 1966, CMS must take timely collection action. Recovery will be undertaken even though the HMO/CMP disputes, in whole or in part, CMS's findings. As a matter of policy, CMS will attempt recoupment as quickly as possible.

If the HMO/CMP has been overpaid, a refund is due CMS. Generally, if repayment is made by the HMO/CMP within 30 days of notification by CMS of the overpayment, no interest will be charged. However, in order to avoid the imposition of interest if the overpayment arises out of the filing of a cost report:

- Full payment must be made by the due date of the cost report; or
- The HMO/CMP and CMS must agree in advance to reduce interim payments over the next 30-day period to liquidate the overpayment.

When the HMO/CMP chooses to repay the debt in installments, it must document the need for such and must submit a written proposal, outlining repayment dates and amounts, including any interest. In no case may a repayment schedule be approved for a time period exceeding one year. CMS has the authority to approve or disapprove such repayment schedule and will notify the HMO/CMP of its decision in writing. In addition, the proposed repayment schedule must be submitted:

- Within 30 days of the due date of the cost report; or
- Within 30 days of notification by CMS (by NPR or otherwise) of the overpayment.

If subsequent information (e.g., the results of an audit) indicates an additional overpayment was made, and the HMO/CMP chooses to repay this additional debt in installments, it must again document the HMO/CMP's need and submit a written proposal within 30 days of the subsequent determination outlining repayment dates and amounts (including interest) for the additional amount owed.

CMS has the authority to reduce or suspend interim payments to the HMO/CMP if it does not make timely repayment of the debt and:

- Fails to submit a repayment schedule;
- Fails to receive CMS approval of a repayment schedule; or
- Fails to meet obligations under an approved repayment schedule.

In addition, CMS will send a letter to the HMO/CMP demanding immediate repayment of the entire amount owed or the immediate submission of a repayment schedule that assures recoupment of the entire amount of the overpayment within the original 1-year

time frame previously established. (If CMS determines that recovery through a repayment program would be unsuccessful, CMS will simply demand immediate repayment of the entire amount.) The case will be referred to the Department of Justice (DOJ) for collection unless a satisfactory arrangement is worked out.