

Ask-the-Contractor Teleconference (ACT) – MINUTES
Limitation on Recoupment, 935 Demand Letter
July 28, 2009
Chairperson: Mary Sue Gardner, RN/BSN

The ACT, “Acute Understanding the Limitation on Recoupment, 935 Demand Letter” teleconference was called to order by Mary Sue Gardner, Medicare Outreach Nurse Analyst – Omaha Office, at 1:00 PM Central Time.

Mary Sue began the teleconference by introducing herself and other members of the WPS Part A staff. She was joined by other members of the Provider Outreach and Education staff, as well as Medical Review staff, Appeals staff, Reimbursement staff, and Customer service staff.

This call was open to Legacy providers, those that were formerly serviced by us under Mutual of Omaha, and to J5 providers, those that transitioned to WPS A/B MAC and were formerly serviced by another contractor.

The introductions were followed by a brief description of the purpose and agenda topics of the call. Agenda topics included: Discussion on why we are issuing the Limitation on Recoupment 935 Demand Letter; a review of the overall components of the letter; identifying what actions providers need to take; as well as, discussion on the timeliness requirements to halt recoupment.

The introductory discussion was followed by a review of a Power Point presentation that was provided to all registrants.

The final points discussed during this teleconference were how timely response to the Limitation on Recoupment, 935 Demand letter is vital to halting the recoupment of Medicare funds.

At the conclusion of the presentation, the line was opened up for questions from the audience.

OPEN QUESTION AND ANSWER SESSION:

Q1. We have seen a few of these 935 transactions come through on our 835, but we can't understand if it's a HIPAA requirement to include some type of identifier, such as the reference number or referencing the 935 letter telling the poster what electronic posting this recoupment is actually being taken from, why is this not a requirement on the remittance advice for the 935 recoupment?

A1. The remarks code N469 is noted on the remittance advice for each claim that is impacted by the Limitation on Recoupment, 935 Demand letter. The amount withheld for an overpayment, regardless of the type, is deducted from the net reimbursement and can also be identified under the 935 Withholding section. There is no corresponding information on the RA that would indicate which claim(s) the withheld amount was taken from. Providers will need to develop their own internal tracking of claims impacted by the 935, just the same as they would for any other type of withhold, and reconcile.

Q2. We have received a couple of letters at this point, but by the time that we received the letters, Medicare had already recouped the money.

A2. Although it appears on your remittance advice (RA) that the money has already been recouped at the line level, the money is not actually taken from the Net Provider Payment. The N469 remarks code at the claim level is only a notification that this claim is subject to the Limitation on Recoupment, 935 Demand. Once an amount is withheld it will be in the summary section of the RA under the 935 Withholding section.

But we have had several claims that the money was recouped prior to even receiving the letter.

WPS made verification that these were actually 935 claim account receivable claims. It was reiterated that providers are going to see the transaction on the RA, but it's only for notification, until the actual recoupment happens. At that time the withhold will show on the summary page of the RA under the 935 Withholding section.

The provider stated there was an actual take back on these claims. The provider was encouraged to contact WPS Part A reimbursement to review and discuss these claims.

Q3. In reference to the claim level adjustment that WPS will do when the initial demand letter goes out, and we see the remarks code N469, if we win the appeal, will we see the claim reprocess with the same remarks code "N469" so we can audit, follow up and see that we have been re-paid?

A3. Yes, the claim will reprocess with the same code.

In reference to the RAC and the 935 Limitation on Recoupment, the RAC will actually be using remarks code N432, showing on the claim level adjustment.

Q4. I think a lot of problems that people are having right now are with the remittance advice, and not understanding how to look for the remarks code N469. It appears, for all practical purposes on the remittance advice that money is being recouped, and some people don't realize this until you go in and try to reconcile your electronic RA, with your electronic funds transfer, because these are being mixed in with real payments and real recoupments. Could you just start at the very beginning and explain the electronic remittance advice and the things that would happen. The second question, is if there is anyway that WPS can keep the remarks code N469 off of the electronic RA, when you are co-mingling it with actual payments, as it makes it much more difficult for us to process the electronic remittance advice, so is there anyway that these could be on a separate remittance advice?

A4. To answer the second question first, there is no way for us to put the remarks code N469 on a separate remittance advice, as the HIPAA compliant 835 has been established as a national standard for use by all health plans including Medicare A/B MACs, carriers, DMERCs, DME MACs, FIs, and RHHIs. Medicare requires the use of this format exclusively for Electronic Remittance Advices (ERAs). Since the 835 is a national standard, we are not able to modify and separate out your N469 remarks codes from other remarks codes.

Regarding the first question, is there some type of specific question on the RA itself, or are you looking for overall education on the RA?

I guess not, I guess we just look for the remarks code N469 on the RAs. For us it is a big problem, and we have to split the batch, and we feel that defeats the purpose of the electronic RA, or we will have to do some programming to tell our system to ignore the remarks code N469. Also, the previous caller had indicated they had some problems with actual recoupments, and so did we. When we won an appeal on a probe review that WPS had actually started recouping the money on prior to us receiving the 935 notification, after the appeal, we were repaid with interest. So I'm not sure if everything is functioning properly through your accounting department, and it causes us a lot of work also. Thank you.

The provider was thanked for their call.

It should be noted that if a provider's appeal request is submitted after the 30th day, but before the 41st day when recoupment starts, we cannot guarantee that recoupment will not happen, as this does not allow enough time to process the claim and halt recoupment. Keep in mind that interest is assessed on outstanding principal balances on the 30th day after the adjustment paid date and then every 30 days thereafter until the debt is paid in full. If the Medicare contractor recouped funds before a timely and valid request for a redetermination was received; the amount recouped shall be retained and applied first to interest and then to principal.

If the provider receives a full reversal on the first or second level of appeal, meaning a fully favorable decision of the overpayment determination, the Medicare contractors shall follow current policies in adjusting the overpayment and the amount of interest charged. Payment of 935 interest is only applicable to overpayments recovered under the limitation on recoupment provisions. Interest is only payable on the principal amount recouped. In accordance with CMS IOM Publication 100-06, Chapter 3, Section 200.6: "We will pay simple interest rather than compound interest, and we will not pay interest on interest; this mirrors the manner in which we assess interest against providers, physicians and suppliers. Monies we recouped and applied to interest would be refunded and not included in the "amount recouped" for purposes of calculating any interest due the provider. The periods of recoupment are calculated in full 30-day periods; and interest will not be payable for any periods of less than 30 days in which we had possession of the recouped funds."

Q5. In what segment of the 835 are you seeing the remarks code N469? I am looking at the POB section of the 835, so I'm assuming when it's a 935 transaction, they are taking the money back at the account level, as acknowledgment, but then at the bottom, they are giving us the money back until we respond to it, or let the actual recoupment occur, is that correct?

A5. On the 835 electronic RA, you would see the remarks code N469 under the reason code section on the "raw file", and yes, you are correct on the recoupment notification.

On the POB section, I am not seeing a reference identifier other than the CW and the E3, but nothing specific to any individual account. We are not seeing the remarks code N469. Also, we are having difficulty because the hard copy letter goes to one section of the company, while the electronic RA is totally different, the wire goes to the bank the 835 goes to electronic posting, and never do the two cross. Even though the letter is very informative of what needs to be done, for whoever is getting it, and the US mail is slow, and you have the 835 in hand before you have the actual letter, so our people don't know what to do with it, when they have these types of transactions in an 835. So how do we get that information? What we've been doing is contacting WPS, and saying we have this transaction, but we don't know what it's for or what it's doing, and then we are usually referred to a letter that was previously sent.

The remarks code that you will see in the summary section of your electronic remittance advice is the N469. Is perhaps your system set up, so that you do not see this information when looking at the RA, because you may not necessarily see those fields if your view and print options have been altered based on your provider preferences?

So I will have to open the "Raw File" in the CAS segment themselves to see the remarks code N469? In the acknowledgement field, I do not see anything referencing that particular claim in this segment and to the callers understanding that is a HIPAA requirement that that is referenced. We can take that to the HIPAA interpretations to see if that is required, but we get it with any other type of transaction, but with these, we are not seeing any other identifier information.

Since we are not aware of exactly what fields the provider is looking at, we felt it best to have the provider call into the office after the call, so we can look at a few RAs together on line, to determine what sections of the electronic remittance advice the provider is looking at and how to identify this information. Please submit contact information via e-mail so we can have the appropriate person contact the provider.

Q6. Can you explain the sequence of correspondences that I should expect to receive in the event that I receive a 935 letter? Specifically, after we receive the letter and there has been a denial of the service, can you explain what we should expect to see as a provider? With regards to our RA adjustments, claims account receivable letters, etc. can you tie that in?

A6. Let's use the example of if your claim was reviewed based on a probe review by our medical review department, you will get your notification from the medical review department first, saying this is what

we found not to be payable, and these are the individual cases that we are not allowing full or partial payment. As soon as the claim processes in the system, it will hit the remittance advice and the 935 Limitation on recoupment at the same time. Depending on how you respond to the 935 letter, will depend on what you see next. If you submit a rebuttal, within 15 days you will get notification regarding the rebuttal. If you submit a valid and timely appeal request, you will receive a brief notice stating that we received the valid and timely request, and recoupment has stopped. You will then receive the appeals determination, and your rights as a provider based on the appeal review. Each letter will give some information as to what your next step is.

Do you issue a claims account receivable letter each time you make an RA adjustment?

Yes we do.

So after the processing, which comes first the RA adjustment or the claims account receivable letter?

They will come at the same time.

If a provider files an appeal within the 30 days, and there is no recoupment of monies, then it is my understanding that WPS will issue some type of appeals notification in response to the request for reconsideration, and there will only be some type of letter from WPS if the appeal is unfavorable or only partially favorable, is that correct?

Yes, this is correct.

If the appeal is successful, then the provider should only be alert for a reversal of the remittance advice adjustment that previously occurred?

Yes, this is correct.

Are there any claims account receivable letters associated with the reversals of those remittance advice adjustments for successful appeals?

Yes, these are issued with each adjustment to the RA.

Just like when they were originally issued on the initial denial, they will be reissued for the reversal or successful appeal, correct?

Yes, this is correct.

At the conclusion of the question and answer portion of the call, the providers were encouraged to sign up for our e-News Sign Up located on our Website, <http://www.wpsmedicare.com>, as well as directed to upcoming educational events that are listed on our Website that may be of interest to the providers.

The teleconference was ended at approximately 1:45 PM Central Time.

The references included in this presentation are for informational purposes only. The current Medicare regulations will prevail.

There were 166 participants on 58 lines for the teleconference.