

DEPARTMENT: Reimbursement	POLICY DESCRIPTION: Reporting of Cost Report Overpayments
PAGE: 1 of 2	REPLACES POLICY DATED: 4/22/98, 12/15/99, 6/19/01, 7/1/06, 1/24/09, 5/15/10, 11/1/16
EFFECTIVE DATE: October 1, 2020	REFERENCE NUMBER: RB.009
APPROVED BY: Ethics and Compliance Policy Committee	

<p>SCOPE: Reimbursement Department, Division and Group CFOs, all Company-affiliated Facilities required to file cost reports, Parallon and all other Corporate Subsidiaries and Departments.</p>
<p>PURPOSE: To ensure that an overpayment discovered subsequent to filing a Medicare cost report is appropriately reported to the Medicare Administrative Contractor and/or the appropriate fiscal intermediary (MAC/FI).</p>
<p>POLICY: The MAC/FI will be notified in writing, within 60 days of the date of identification of an overpayment discovered subsequent to filing a cost report for all applicable payors (e.g., Medicare, Medicaid, or TRICARE), regardless of the financial impact to the provider. If the overpayment is identified within 6 years of the overpayment occurring, the applicable refund will accompany the notification.</p>
<p>PROCEDURE:</p> <ol style="list-style-type: none"> 1. Prior to Filing the Cost Report – General Rule <ul style="list-style-type: none"> ▪ Overpayments that will be refunded with the filing of the applicable Medicare cost report do not require a separate disclosure or refund. 2. All errors identified after the filing of the cost report must be communicated to a member of the corporate reimbursement department within 5 days of discovery. 3. Cost Report Filed, NPR Not Yet Issued <ul style="list-style-type: none"> ▪ If an overpayment is identified after the applicable cost report has been filed, but prior to the issuance of the Notice of Program Reimbursement (NPR), an amended cost report must be submitted on all overpaid matters, <u>except SSI ratio updates and Outlier Reconciliations</u>. <ul style="list-style-type: none"> ▪ If the overpayment amount is less than \$1,000, a disclosure letter and refund may be submitted in lieu of an amended report. 4. Cost Report Filed, NPR issued <ul style="list-style-type: none"> ▪ If an overpayment is identified <u>less than 6 years</u> after an NPR has been issued, a disclosure letter must be submitted along with the refund due. 5. If confirmation and quantification of a suspected overpayment will exceed 30 days after receipt of credible information of a potential overpayment, the VP of Reimbursement must be notified. 6. Overpayment refunds must not be offset against underpayments of different issues but can be offset if the issue is the same, (e.g., offset of DSH Medicaid-eligible days overpayment vs. DSH Medicaid-eligible days underpayment allowed; offset of DSH Medicaid-eligible days overpayment vs. DSH SSI percentage Part C days underpayment not allowed). <ul style="list-style-type: none"> ▪ A disclosure letter documenting this interpretation and supporting factual findings should accompany the filed amended cost report. 7. If an overpayment is identified <u>more than 6 years</u> after an NPR has been issued, a disclosure letter should be submitted to the MAC, with an explanation that our interpretation of the regulation instructs the provider to <u>not</u> refund the overpayment.

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<p>8. Lookback Period</p> <ul style="list-style-type: none"> ▪ If the error causing the overpayment could have been present in prior years, a review must be conducted for any prior year in which the error could have occurred, up to a maximum of six years from the issuance of the NPR (or Revised NPR), plus any years pending an NPR. <ul style="list-style-type: none"> ▪ For example, an error in a hospital's 12/31/15 cost report is discovered on 4/1/17. NPRs were issued for all years through 12/31/08 prior to 4/1/11. The 12/31/09 through the 12/31/14 cost reports are subject to review to determine if the error occurred in any or all of these prior years. ▪ The review is dependent upon whether the error could have occurred in each of the prior cost reports, based on the specific error discovered. For example, if the error related to a regulatory change that was effective 10/1/15, no prior review is necessary. <p>9. If any overpayments are identified as a result of these reviews, an amended report (if issuance of the NPR is pending) or disclosure letter (if NPR has been issued) and refund must be submitted within 60 days of quantifying the overpayment.</p> <p>10. If the overpayment issue will be appealed, protest language should be added to the amended cost report and the protest amount included for the applicable adjustment.</p> <p>11. If review of any of the cost reports or NPRs in the lookback period results in the conclusion that no overpayment exists, documentation of the steps taken to reach that conclusion must be maintained in the cost report work papers with a copy submitted to the VP of Reimbursement.</p> <p>REFERENCE: Overpayment Regulation (CFR Parts 401 and 405)</p>
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