

Operations Memorandum - Medical Assistance

OPS-13-04-01

April 8, 2013

SUBJECT: Medical Assistance (MA) Program – Overpayment Referrals
TO: Executive Directors
FROM: Richard Wallace, Acting Director, Bureau of Operations

Purpose:

1. To inform CAOs of procedures to follow when determining MA overpayments.
2. To establish procedures for the referral of MA overpayments and Buy-In overpayments to the Office of Inspector General (OIG) for collection.
3. Implement these procedures for MA and Buy-In overpayments upon receipt of this memorandum.

NOTE: There is no change to the process for Long Term Care (LTC) or Home and Community Based Services (HCBS) overpayments.

Background:

[OPS 120404](#) introduced the process for completing manual overpayment referrals for Medical Assistance. This Operations Memorandum replaces OPS 120404 by providing additional automated steps in the process, as well as details regarding the manual completion of Buy-In overpayment referrals.

The Supplemental Handbook Chapter 910 states that the CAO is responsible for determining overpayments for recipients of MA, and referring overpayments to OIG for collection. Due to limitations with the Automated Restitution Referral and Computation (ARRC) system, MA overpayments cannot be collected by the OIG without additional information regarding claims paid on behalf of recipients for medical services, as well as managed care fees. In order to collect MA overpayments, the CAOs must complete an overpayment process similar to the process for LTC overpayments until a fully automated process is put in place.

Discussion:

When does an overpayment exist?

An MA overpayment exists when one of the following occurs:

- The individual(s) obtained MA Program Services (excluding MA special allowances) for which they were not eligible;
- The individual(s) loaned their Pennsylvania ACCESS card to a person who was not eligible to use it;
- An individual received cash assistance (C/U/D) for which they were not eligible.

Overpayments for MA are determined on an individual basis for each recipient in the household.

What are the possible reasons for the overpayment?

Possible reasons for a MA overpayment include, but are not limited to:

- Client error due to untimely reporting or failure to report a change in circumstances to the CAO that subsequently caused the individual to be ineligible for MA.

How are overpayments discovered?

CAOs may obtain overpayment information from recipients, Quality Control reviews, community complaints, data exchanges or case reviews.

The CAO will take the following steps to determine if an overpayment occurred:

1. Obtain necessary verification related to the possible overpayment.
2. Determine when the overpayment began. If the individual did not report a change timely (by the 10th day of the month following the month of change), the overpayment begins the first month in which the individual(s) no longer qualify for MA and/or Buy-In (do not apply the 10-10-15 rule to MA). The CAO will discontinue MA and/or Buy-In for the individual(s) after sending an advance notice and allowing the required 15 days for the notice to expire.

NOTE: If an individual reports a change timely and the CAO determines the individual is no longer eligible for MA and/or Buy-In, the CAO is to send an advance notice to close and there is no overpayment.

3. Determine whether the recipient(s) was eligible for any other category of MA benefits (other than TA/TJ 65/67) during the possible overpayment period by completing a manual MA eligibility computation ([Attachment 1](#) or [1A](#)). For resource ineligibility, give the individual the opportunity to spend-down excess resources on a medical service.

NOTE: For resource overpayments, the amount of the claim is the total net resource or the total amount of assistance received during the overpayment period, whichever is less.

4. If the recipient qualifies for another MA category (including SelectPlan for Women and MAWD, but not TA/TJ 65/67), no overpayment is sent to OIG. To meet auditor requirements, the CAO should continue to narrate, and enter partial ineligibility overpayments in ARRC using the PA 189, but no documentation needs to be sent to OIG. For example, if a recipient of PC qualifies for TC after re-calculating eligibility using unreported income, enter the overpayment in ARRC using a PA 189, but do not complete a query for claim information, do not enter a claim amount on the PA 189, and do not send the overpayment to OIG. This also applies to overpayments for Presumptive Eligibility Healthy Beginnings, as overpayments for this program cannot be collected.

NOTE: If a cash assistance recipient is found to be totally ineligible for cash assistance, a manual determination of MA eligibility must be completed before completing an MA overpayment. There is no change to the process for completing a cash assistance overpayment.

NOTE: If an MA recipient is determined to be totally ineligible for MA, including TA/TJ 65/67, and received Medicare Part B Buy-In, complete an overpayment for MA as well as a separate manual overpayment for the amount of Medicare premiums paid by the Commonwealth of Pennsylvania. For example, an individual receiving PH 80 is now over the income limit for all programs, including TA/TJ 65/67. The CAO must complete an overpayment for PH, as well as a manual overpayment for Buy-In payments.

The CAO will take the following steps for the individual(s) totally ineligible for MA:

1. Narrate the MA overpayment including:
 - Name of the individual who caused the overpayment.
 - Reason for the overpayment.
 - Time period of the overpayment.
 - Any other relevant information related to the overpayment.
2. Complete the PA 189 ([Attachment 6](#)) and forward the form to the office designee to obtain medical claim information. Multiple MA budgets may be included on one PA 189.

NOTE: Each CAO will select an Income Maintenance Casework Supervisor/Manager and an alternate to be responsible for researching MA claim information in the Data Warehouse. The CAO must develop a process for caseworkers to follow when requesting claim information from the office designee.

3. The office designee requests all managed care and fee-for-service claim information for the period of the MA overpayment for each recipient determined totally ineligible for MA using the Instructions for Data Warehouse Inquiry ([Attachment 3](#)). CAOs are only required to record what appears on the query as of the point in time the query is completed.
4. The office designee enters the claim information on the OIG 764 C1 ([Attachment 4](#)) for each ineligible individual on a separate tab in the worksheet and also completes the summary sheet using the Instructions for Completing the OIG 764 C1 ([Attachment 5](#)). The PA189 and OIG 764 C1 (summary and ineligible pages) are returned to the caseworker. The OIG 764 C1 must be completed in Excel and cannot contain any handwritten information. Any months during a claim period where there are no benefits overpaid should show a zero claim amount. A separate PA 189 is not required if there is a break in the claim period of the overpayment or for different MA budgets within the same record number.
5. The caseworker completes the ARCAPA and ARCAEM (if applicable) fields on the PA 189 ([Attachment 6](#)) and gives the form to clerical staff for data entry to

establish a claim in ARRC. Use the updated “reason” codes found on page 2 of the OIG 189 dated 11/12 or later.

NOTE: Reason code 99 is invalid.

6. Clerical staff completes data entry of ARCAPA and ARCAEM in ARRC. Clerical returns the PA 189 to the caseworker for ARCAFQ completion.
7. For cases with claim amounts, the caseworker answers question #1 on the ARCAFQ screen with “Y”, answers the remaining questions appropriately, and proceeds to step 8 below. For cases with no claim amounts, the caseworker answers question #1 with “N”, and proceeds to step 9 below.
8. For cases with claim amounts, the caseworker must complete the ARCAFA section of the PA 189. In order for the claim to pass to OARS, this section **must** contain:
 - Category
 - Type (check “Medical”)
 - MA Claim Period
 - Ineligible Line Numbers (leave blank if all recipients are ineligible)
 - MA Claim Amount

The caseworker returns the PA 189 to clerical for data entry of the ARCAFA section.

9. The caseworker or clerical staff scans and attaches all overpayment documentation, including the OIG 764 C1, MA eligibility computation sheets, data warehouse documentation and verification to the case record as one document. Use identifier “PA 189” for the overpayment packet.
10. For cases with claim amounts, the CAO mails the PA 189, supporting documentation (including data warehouse documentation) and all completed pages of the OIG 764 C1, including the summary and individual ineligible pages, to:

Office of Inspector General
Bureau of Fraud Prevention and Prosecution
Attn: Operations Support Division
P.O. Box 8016
Harrisburg, PA 17101

NOTE: Per Supplemental Handbook 910.51, the CAO will refer all overpayments to the OIG within 30 days from the date the CAO verifies the overpayment occurred.

The CAO will take the following steps for the individual(s) ineligible for Buy-In:

1. Narrate the MA overpayment including:
 - Name of the individual who caused the overpayment.
 - Reason for the overpayment.

- Time period of the overpayment.
 - Any other relevant information related to the overpayment.
2. Complete the paper OIG 189 Overpayment Referral form ([Attachment 2](#)) and obtain the Buy-In amounts overpaid using Data Exchange 7.
 3. Enter the Buy-In amounts overpaid on the OIG 765 C1 ([Attachment 10](#)) for each ineligible individual using the Instructions for Completing the OIG 765 C1 ([Attachment 9](#)). The OIG 765 C1 must be completed in Excel and cannot contain any handwritten information.
 4. The caseworker completes the ARCAPA and ARCAEM (if applicable) fields on the PA 189 ([Attachment 6](#)) and gives the form to clerical staff for data entry.
 5. Clerical staff completes data entry of ARCAPA and ARCAEM in ARRC.
 6. The caseworker answers question #1 on the ARCAFQ screen with “M” indicating manual referral (paper OIG 189 completed).
 7. The caseworker or clerical staff scans and attaches all overpayment documentation, including OIG 765 C1, MA eligibility computation sheets, screen print of Data Exchange 7 and verification to the case record as one document. Use identifier “OIG 189” for the overpayment packet.
 8. The CAO mails the OIG 189, supporting documentation (including Data Exchange documentation) and all completed pages of the OIG 765 C1, including the summary and individual ineligible pages, to:

Office of Inspector General
 Bureau of Fraud Prevention and Prosecution
 Attn: Operations Support Division
 P.O. Box 8016
 Harrisburg, PA 17101

NOTE: Per Supplemental Handbook 910.51, the CAO will refer all overpayments to the OIG within 30 days from the date the CAO verifies the overpayment occurred.

Completing the Overpayment Referral form ([OIG 189](#)):

Completion of the OIG 189 is required to refer Buy-In overpayments to the OIG.

NOTE: Indicate at the top of the OIG 189 if the household’s language indicator is 02 (Spanish) to ensure the proper notice is sent.

NOTE: Indicate at the top of the OIG 189 if the overpayment is for Buy-In.

Previous Referrals:

- Check the appropriate box.

Individual Number for Claim Name:

- Leave this field blank.

Client Identification:

Item 1	TYPE OF REFERRAL	Check MA block.
Item 2	CO	Enter the two-digit county identifier.
Item 3	RECORD NUMBER	Enter the seven-digit record number. If necessary, use zeroes in front of the record number to increase it to seven digits.
Item 4	CAT/GG	Complete for the individual who was the payment name at the time of the overpayment.
Item 5-7		Leave blank.
Item 8	DIS.	Enter the appropriate district identifier
Item 9	PAYMENT NAME	Enter the last name, first name, middle initial, and Social Security Number of the payment name at the time of the overpayment.
Item 10		Leave blank.
Item 11	CLAIM NAME	If different from item 9, complete, otherwise leave blank. (Example- someone other than the payment name caused the overpayment.
Item 11A	ADDRESS	Enter the address of the payment name.
Item 12	TELEPHONE NUMBER	Enter the area code and telephone number of the payment name.
Item 13		Leave blank.

Overpayment Information:

Item 14	CAO DISC	Enter the date (mm/dd/yy) the CAO first became aware of a possible overpayment. (Example- the date a complaint was received).
Item 15	DISC CODE	Enter the one-digit number or letter from the back of the OIG 189 which best describes how the overpayment was discovered.
Item 16	DATE VERIFIED	Enter the date (mm/dd/yy) the overpayment was verified. This is the date the documentation verifying the overpayment was received in the CAO.
Item 17	CAO REC	Enter the appropriate one-digit number from the back of the OIG 189. Enter any additional information regarding this recommendation in Item 40.
Item 18	PROJECT CODE	Enter the appropriate 2 digit code if any. Use project code 74 to alert OIG to potential welfare fraud if the circumstances of the overpayment warrant a fraud investigation in addition to the overpayment claim. Enter 00 if no other code applies.
Item 19	REASON CODE	Enter the appropriate overpayment reason code. Refer to the reverse of the OIG 189 for appropriate entry. If there is no appropriate reason code, explain in Item 41. Do not use code 99.
Item 20	SAR CODE	Leave blank.
Item 21	MONTHLY APPLICATION CODE	Leave blank.
Item 22A-B	EMPLOYER NAME/ADDRESS	If appropriate, enter the employer name and address if reason code 01 is entered in Item 19.
Item 23-25		If YES, explain in Item 41 and identify appropriate individuals and indicate dates of contacts. Explain any misleading or concealing statements.
Item 26		Leave blank.
Item 27		Select the appropriate response to indicate that the overissuance was caused by client error.

Use for Cash/SSP Overpayment:

- • Leave this section blank.

Use for Food Stamp Overissuance:

- Leave this section blank.

Disaster Assistance:

- Leave this section blank.

Use for Medical Assistance/Buy-In Ineligibility:

Item 37	PERIOD OF INELIGIBILITY	Enter the period of ineligibility.
Item 38	LINE NUMBERS	Enter the line numbers of all ineligible members, including minors.
Item 39	MA AMOUNT	Enter the total amount of buy-in payments received by all ineligible members. (This total can be found on the OIG 765 C1).

Energy Assistance:

- Leave this section blank

Block 41 (Explanation/Comments) – Use this block to provide remarks as appropriate. Examples:

- A member of the grant group failed to report a countable resource which, when added to other countable resource(s), exceeded the resource limit.

Note: Include the amount of the resource and the resource limit for MA category associated with the overpayment.

- A member of the grant group failed to report countable income which, when added to other countable income sources, exceeded the income limit.
- Indicate if buy-in overpayment.

Blocks 42, 43 and 44 – All blocks must be signed and dated. The IMCS or another approving authority in the CAO can complete blocks 43 and 44.

Block 45 – Leave blank (to be completed by OIG).

How are manual overpayments rescinded?

To rescind a manual overpayment, the CAO must alert OIG Headquarters by sending an email to RA-cao189@pa.gov and indicate that the overpayment needs to be rescinded. ARRC does not accept or pass rescind codes to OARS in the case of manual overpayments, including Buy-In overpayments.

How are MA overpayments completed in ARRC rescinded?

To rescind an MA overpayment referral where the claim (including claim amount) was transmitted through ARRC to OIG's OARS system, the CAO must complete the following steps:

1. The caseworker must complete the PA 1001 section ARCHMC with disposition code 22 and give form to supervisor for approval.
2. The PA 1001 is given to clerical to complete data entry of ARCHMC in ARRC.
3. If clerical receives an error message that an update is not allowed, the CAO should contact OIG to release the claim in OARS, and the rescind can be completed the next business day.

How will appeals be processed for MA and/or Buy-In overpayments?

Process appeals as outlined in Operations Memorandum [OPS 060110](#), Processing Appeals of Manually Referred Overpayments (Paper 189s), as the appeal process for MA overpayments is still manual.

Who will attend the fair hearing?

The OIG will send the individual an OIG 764, *Medical Assistance Program Overpayment Notice* or an OIG 765, *Medicare Buy-In Premium Payment Overpayment Notice*. The individual has the right to appeal and request a fair hearing about the overpayment. Since the CAO completed the overpayment referral, including the computation of the claim amount, the CAO will attend the fair hearing.

If a recipient appeals the closing of Medical Assistance benefits, and benefits continue, an overpayment must be filed if the CAOs decision is upheld.

Examples of Client Error:

1. A household consists of a mother and two children. The mother obtains new employment and does not report it to the CAO. Four months later the worker receives an Exchange 1 hit for the wages. The worker determines that the mother does not qualify for any other MA categories; however, the children are eligible for Healthy Beginnings. An overpayment is completed for the mother only.
2. A man receives GA-related MA in the PD category. Six months ago, he won \$5000 in a raffle, and did not report it to the CAO. For a period of 3 months, he exceeded the resource limit for all MA categories, but is within resource limits now. An overpayment is completed for the time period in which the man was ineligible for MA benefits. Give the individual the opportunity to spend the excess resources on a medical service (resulting in no excess resources per [55 Pa Code 178.1\(j\)](#)).

NOTE: If client refuses or has no medical bills to pay to reduce the resources, an overpayment is filed. Note that 62 P.S. § 1408(c)(6)(i) states that the “the

amount collectible shall be limited to an amount equal to the market value of such unreported property or the amount of medical assistance granted during the period it was held up to the date the unreported excess real or personal property is identified, whichever is less...”.

3. A woman receives TANF cash assistance in a C category due to pregnancy. She fails to report employment that makes her ineligible for cash assistance. She is eligible for MA benefits in the Healthy Beginnings category. An overpayment is completed for the cash assistance only.
4. A single man received GA cash benefits due to a temporary disability. He failed to report that he started receiving worker's compensation payments that made him ineligible for cash assistance. He is not eligible for any category of MA due to income. An overpayment is completed for cash assistance, and a separate manual overpayment is completed for the MA benefits that he received along with the cash assistance benefits.

Next Steps:

1. Share this information with appropriate staff.
2. Keep this memorandum until this information is incorporated into the Supplemental Handbook and the Using ARRC Manual.
3. Direct any questions to your Area Manager.

Attachments:

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| Attachment 1 | MA Computation Worksheets- PDF format |
| Attachment 1A | MA Computation Worksheets- Excel format |
| Attachment 2 | OIG 189 - revised 11/2012 |
| Attachment 3 | Instructions for Data Warehouse Inquiry |
| Attachment 4 | OIG 764 C1 -revised 2/2013 |
| Attachment 5 | Instructions for Completing the OIG 764 C1 - revised 2/2013 |
| Attachment 6 | PA 189 |
| Attachment 7 | MA Overpayment Process Q&As -revised 2/2013 |
| Attachment 8 | MA Overpayment OIG Tip Sheet -revised 2/2013 |
| Attachment 9 | Instructions for Completing the OIG 765 C1 (Buy-In only) -revised 2/2013 |

Attachment 10 [OIG 765 C1 \(Buy-In only\)](#)-revised 2/2013