

# Operations Memorandum - Medicaid

## OPS120404

April 13, 2012

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

### **Purpose:**

1. To inform County Assistance Offices (CAOs) of procedures to follow when determining MA overpayments.
2. To establish procedures for the manual referral of MA overpayments to the Office of Inspector General (OIG) for collection.
3. Implement these procedures for MA overpayments upon completion of required training.

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

### **Background:**

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 a manual overpayment process similar to the process for LTC overpayments until an 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, the overpayment begins the first month in which the individual(s) no longer qualify for MA. The CAO will discontinue MA 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, 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 computation (Attachment 1).
4. If the recipient qualifies for another MA category (including SelectPlan for Women), 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 recalculating eligibility using unreported income, enter the overpayment in ARRC using a PA 189, but do not complete a query for claim information, and do not send the overpayment to OIG.

**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, a separate manual overpayment must be completed for the amount of Medicare premiums paid by the Commonwealth of Pennsylvania.

**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 paper OIG 189 Overpayment Referral form (Attachment 2) and forward the form to the office designee to obtain medical claim information.
  - **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.
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 and completes the summary sheet using the Instructions for Completing the OIG 764 C1 (Attachment 5). The OIG 189 and OIG 764 C1 are returned to the caseworker.
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.
6. Clerical staff completes data entry of ARCAPA and ARCAEM in ARRC.
7. For cases with claim amounts, the caseworker answers question #1 on the ARCAFQ screen with “M” indicating manual referral (paper OIG 189 completed). For cases with no claim amounts, the caseworker answers question #1 with “N”.
8. The caseworker or clerical staff scans and attaches all overpayment documentation, including forms, MA computation sheets and verification to the case record as one document. Use identifier “OIG 189” for the overpayment packet.
9. For cases with claim amounts, the CAO mails the OIG 189 and OIG 764 C1 to:

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

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

Completion of the OIG 189 is required to refer MA 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.

**Previous Referrals:**

- Check the appropriate box.

**Individual Number for Claim Name:**

- Leave this field blank.

**Client Identification:**

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

**Overpayment Information:**

<b>Item 14</b>	<b>CAO DISC</b>	Enter the date (mm/dd/yy) the CAO first became aware of a possible overpayment. (Example- the date a complaint was received).
<b>Item 15</b>	<b>DISC CODE</b>	Enter the one-digit number or letter from the back of the OIG 189 which best describes how the overpayment was discovered.
<b>Item 16</b>	<b>DATE VERIFIED</b>	Enter the date (mm/dd/yy) the overpayment was verified. This is the date the documentation verifying the overpayment was received in the CAO.
<b>Item 17</b>	<b>CAO REC</b>	Enter the appropriate one-digit number from the back

		of the OIG 189. Enter any additional information regarding this recommendation in Item 40.
<b>Item 18</b>	<b>PROJECT CODE</b>	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.
<b>Item 19</b>	<b>REASON CODE</b>	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 40.
<b>Item 20</b>	<b>SAR CODE</b>	Leave blank.
<b>Item 21</b>	<b>MONTHLY APPLICATION CODE</b>	Leave blank.
<b>Item 22A-B</b>	<b>EMPLOYER NAME/ADDRESS</b>	If appropriate, enter the employer name and address if reason code 01 is entered in Item 19.
<b>Item 23-25</b>		If YES, explain in Item 40 and identify appropriate individuals and indicate dates of contacts. Explain any misleading or concealing statements.
<b>Item 26</b>		Leave blank.
<b>Item 27</b>		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 Ineligibility:**

<b>Item 37</b>	<b>PERIOD OF INELIGIBILITY</b>	Enter the period of ineligibility.
<b>Item 38</b>	<b>LINE NUMBERS</b>	Enter the line numbers of all ineligible members, including minors.
<b>Item 39</b>	<b>MA AMOUNT</b>	Enter the total amount of MA received by all ineligible members. (This total can be found on the OIG 764 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.

**Blocks 42, 43, and 44** – All blocks must be signed and dated.

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

### **How will appeals be processed?**

Process appeals as outlined in Operations Memorandum [OPS 060110](#), Processing Appeals of Manually Referred Overpayments (Paper 189s).

### **Who will attend the fair hearing?**

The OIG will send the individual an OIG 764, *Medical Assistance Program 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.

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 is receiving GA cash benefits due to a temporary disability. He fails to report that he started receiving worker's compensation payments that make 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. Ensure staff receives required training.
4. Direct any questions to your Area Manager.

**Attachments:**

Attachment 1- [MA Computation Worksheets](#)

Attachment 2- [OIG 189](#)- revised 1/2012

Attachment 3- [Instructions for Data Warehouse Inquiry](#)

Attachment 4- [OIG 764 C1](#)

Attachment 5- [Instructions for Completing the OIG 764 C1](#)

Attachment 6- [PA 189](#)