

17.7 Overpayments, Duplicate Payments, and Underpayments

Healthfirst periodically reviews payments made to providers to ensure the accuracy of claim payments pursuant to the terms of the provider contract or as part of its continuing utilization review and fraud control programs. If Healthfirst identifies that we have overpaid a provider for certain services, Healthfirst will notify the provider and, in certain circumstances, recoup the overpayment amount consistent with Section 3224-b of the New York State Insurance Law and the procedures detailed below.

Healthfirst will not pursue overpayment recovery efforts for claims older than twenty-four (24) months after the original payment date unless the overpayment is: (1) based upon a reasonable belief of fraud, intentional misconduct, or abusive billing, (2) required or initiated by the request of a self-insured plan, or (3) required by a state or federal government program. The above restrictions shall not apply to any overpayment recovery efforts made by Healthfirst prior to January 1, 2007, when notice has been provided to the provider of such recovery efforts.

We Will Provide Notice of Overpayments Before Seeking Recovery

If Healthfirst determines that an overpayment has occurred, Healthfirst will provide sixty (60) days advance written notice to the provider of the overpayment before engaging in any overpayment recovery efforts. This notice will include the member's name, service dates, payment amount(s), proposed adjustment, a reasonably specific explanation of the reason for the overpayment, and the proposed adjustment. In response to a notice of overpayment, the provider may either (1) dispute the finding or (2) remit payment to Healthfirst as outlined below.

If You Agree That We Have Overpaid You

If a provider agrees with Healthfirst's overpayment determination as detailed in the overpayment notice, providers may voluntarily submit a refund check made payable to the corporate entity named on the demand letter (e.g., Healthfirst PHSP, Inc., Healthfirst Health Plan, Inc.) within sixty (60) days from the date the overpayment notice was mailed by Healthfirst. Providers should further include a statement in writing regarding the purpose of the refund check (e.g. payment of identified overpayment) and a copy of the overpayment notice to ensure the proper recording and timely processing of the refund. **Refund checks should be mailed to:** Healthfirst Finance Department, P.O. Box 5198, New York, NY 10275-0304, Attention: Overpayment Recovery.

If You Disagree That We Overpaid You

If a provider disagrees with Healthfirst's overpayment determination as detailed in the overpayment notice, the provider must submit the following in accordance with the "Claims Appeals Process" as detailed in Section 17.6 **within sixty (60) days from the date the overpayment notice was mailed:** (1) a written request for an appeal, and (2) any supporting documentation. Upon making a determination on the provider's appeal request and supporting documentation, Healthfirst will provide written notice of the appeal determination. If Healthfirst upholds the overpayment determination, providers may initiate arbitration, as provided pursuant to their provider agreement. Healthfirst will proceed to offset the amount of the overpayment prior to any final determination made pursuant to binding arbitration.

If You Fail to Respond to an Overpayment Notice

If a provider fails to dispute or otherwise respond to an overpayment notice within sixty (60) days from the date the overpayment notice was mailed by Healthfirst, the provider will be deemed to have acknowledged and accepted the overpayment amount demanded by Healthfirst and, subject to the provider's right to arbitration pursuant to the provider agreement, **Healthfirst will offset the overpayment amount against current and future claim remittance(s) until the full overpayment amount is recovered by Healthfirst.**

If an Offset Results in a Negative Balance

If an overpayment offset results in a negative balance, the provider will receive a special Negative Balance Letter from Healthfirst while the offset amount is being recovered, in lieu of the standard Explanation of Payment (EOP). This letter will contain the current negative offset balance and any claim activity that has taken place since during the check cycle period to reduce the negative balance. Once the entire negative amount has been recovered, the provider will resume receiving standard EOPs.

Duplicate Payments

Healthfirst may also apply the procedures described in this section to recoup duplicate claims payments. However, in accordance with 3224-b of the New York State Insurance Law, Healthfirst reserves the right to use other available procedures to recoup duplicate claims payments.

Underpayments

After a provider has complied with the Review and Reconsideration Process and/or the Claims Appeals Process as detailed in Section 17.6, if Healthfirst agrees with the provider's assertion that Healthfirst has underpaid any claim(s) to the provider, Healthfirst may offset such identified underpayments against any overpayments dating as far back as the claimed underpayment that have not yet been recouped. Prior to such offset, however, Healthfirst shall ensure compliance with the provisions in this Section 17.7 regarding notice of overpayments to the provider.