
FEHB Program Carrier Letter

Fee-for-service Carriers

U.S. Office of Personnel Management
Insurance Services Program

Letter No. 2007-23

Date: August 27, 2007

Fee-for-service [19] Experience-rated HMO [] Community-rated HMO []

Subject: Federal Employees Health Benefits Program Procedures for Provider Overpayment Recoveries

The purpose of this letter is to obtain additional information about your internal control policies and procedures for recovery of erroneous overpayments when there are time limits imposed by state laws or provider agreements. We are requesting a report that describes the steps you have taken or expect to take in the future to ensure that your claims processing systems provide for overpayment recoveries on a timely basis.

When State laws or provider agreements limit the timeframe within which claims payment adjustments can be made, individual providers may be held harmless for overpayments discovered after the time limit (e.g. during audits). We are concerned that erroneous overpayments to providers may not be reconciled and returned to the FEHB Program because of these time limitations. We would like to understand the steps carriers are taking to ensure payment integrity and whether you have implemented system solutions that provide for timely recoveries.

Therefore, we are requesting that you provide us with a report that includes a complete description of your internal controls, the States and/or provider agreements where this is an issue, and the underlying reasons for the time limits. While we understand the recovery of overpayments is on a claim-by-claim basis, we do not believe the “good faith” effort to collect erroneous payments should reasonably apply to these types of situations.

Please provide us with your report and your recommendations to address this issue by September 30, 2007.

Thank you for your continued commitment to the FEHB Program.

Sincerely,

Howard Weizmann
Deputy Director