Reporting and Return of Overpayments from Federal Healthcare Programs

PURPOSE:

To establish a process to report and return identified and quantified overpayments from Federal healthcare programs.

RESPONSIBILITY:

It is the responsibility of every Shepherd Center employee or agent to report any suspected business-related fraud, waste or abuse immediately to their supervisor, the Chief Compliance Officer or the 24-hour toll-free Compliance Hotline (800-860-0085). It is the responsibility of the Chief Compliance Officer to evaluate and investigate all reports of suspected business-related fraud, waste or abuse.

POLICY:

Shepherd Center will exercise reasonable diligence to review potential payment errors. If a potential overpayment is identified, appropriate efforts will be exerted in an expeditious manner to confirm whether an overpayment exists. If an overpayment is actually confirmed (i.e., "identified"), the scope and monetary extent of the overpayment will also be determined (i.e., "quantified") in an expeditious manner. Overpayments that have been identified and quantified will be reported and refunded to the appropriate Federal healthcare program within 30 days, when practicable, but in no event later than 60 days from the date of identification and quantification of the overpayment. Shepherd Center will likewise report errors that require collection of underpayments to the appropriate Federal healthcare program in a timely manner.

DEFINITIONS:

Federal healthcare program: Any plan or program that provides health benefits, whether directly, through insurance, or otherwise, which is funded directly, in whole or in part, by the United States Government (other than the health insurance program under chapter 89 of title 5 of the United States Code — the Federal Employees Health Benefit Program); or any State health care program, as defined in 42 U.S.C. § 1320a-7(h).

Federal healthcare programs include, at a minimum, the following:

- Medicare Program, Parts A, B and C (managed Medicare)
- Medicaid (Title XIX of the Social Security Act), including managed Medicaid
- Federal Prison Hospitals (prisoners);
- Indian Health Service;
- OWCP (workers' compensation for federal employees);
- Public Health Service;
- Railroad Retirement Board;
- The Black Lung Program;
- TRICARE/CHAMPUS/Department of Defense healthcare programs (Chapter 55 of Title 10, United States Code); and
- Veterans Administration (VA).

Identified: The date on which Shepherd Center has determined, or should have determined through the exercise of reasonable diligence, that an overpayment has been received from a Federal healthcare program.
program, and has quantified the overpayment amount.

**Overpayment:** Any funds that Shepherd Center has received or retained under a Federal healthcare program to which Shepherd Center, after applicable reconciliation, is not entitled.

**Reasonable Diligence:** In response to obtaining credible information of a potential overpayment, conducting both proactive compliance activities in good faith by qualified individuals at Shepherd Center to monitor for the receipt of overpayments; and research in good faith and in a timely manner by qualified individuals at Shepherd Center. Shepherd Center efforts to review, report and return a potential overpayment should typically be completed within a period of up to eight months (six months for the timely review and up to two months for reporting and returning the identified and quantified overpayment). However, complex matters and refund calculations may result in extending this time frame.

**PROCEDURE:**

1. Anyone who has credible information about a pattern of potential overpayments from a Federal healthcare program must immediately report the information to (i) a supervisor, (ii) the Chief Compliance Officer (CCO), and/or (iii) the 24-hour toll-free Compliance Hotline (800-860-0085). This notification should include a narrative description of the matter based on current knowledge, with as much specificity as possible, to assist in further review. For example, a detailed description of the issue, the type of service (inpatient, outpatient, hospital, physician, etc.), and the affected service line(s) (e.g., radiology, pharmacy, lab, etc.).

2. Compliance Department personnel, along with the appropriate personnel with operational responsibility for the areas involved, will engage in, or facilitate, the exercise of reasonable diligence, including conducting a review into the matters at issue.

3. Based upon the findings of the reasonable diligence, the Compliance Department will consult, as necessary and appropriate, with responsible operators, outside legal counsel and other relevant parties with substantive knowledge of the issue, to determine if an overpayment has been identified. This would include a determination as to the initial matter and the appropriate time frame to be addressed.

4. If an overpayment is identified:
   a. The Compliance Department will take prompt action to (i) notify the appropriate personnel with operational responsibility for the impacted claims of the overpayment amount, and (ii) coordinate with such personnel regarding the method for reporting and returning the overpayment.
   b. Management of the areas with operational responsibility will correct the cause of the overpayment on a going forward basis and take other remedial actions as may be necessary to minimize recurrence. In addition, other appropriate corrective actions should be undertaken, which may include education and training of staff, revisions to policies, processes or systems, information system changes, ongoing monitoring and auditing, and disciplinary actions for personnel consistent with Shepherd Center policies and procedures.

5. The Compliance Department will endeavor to ensure that the overpayment will be timely reported and returned within 30 days, when practicable, but in no event later than 60 days from the date of identification and quantification. Depending on the situation, the refund may be made by check, claims adjustment, charge correction, credit balance or other government-approved process for reporting and returning of overpayments.

6. If an underpayment error is identified, Shepherd Center may request additional payment, as permissible.