Medicare Part B Overpayments
Understanding Remittance Advice
This animation is intended to help you understand the different remittance advices you will receive when a full or partial overpayment has been made.

For demonstration purposes, we will follow a single claim from payment to offset to illustrate the important information you need to know.

Click the Full/Partial overpayment example boxes for more information.
The first notification remittance advice

The first notification remittance advice displays the approved amount on the initial claim.

Click the Next button to view a sample of the first notification remittance advice.
**First notification remittance advice:**

Displays a claim payment of $57.24

Roll your cursor over the highlighted boxes for more information.

**First notification remittance advice:**

Displays a claim payment of $57.24

Roll your cursor over the highlighted boxes for more information.

Date(s) of service
Performing Provider
Place of Service
Number of Services/Units
Procedure Code
Modifiers
Amount Billed
Allowed Amount
Deductible
Coinurance
Group Codes and Claim Adjustment Reason Codes (CARCs)

Provider Paid Amount

Assignment accepted: Yes

Remittance Advice Remark Code (RARC) MAO1

Alert: If you do not agree with what we approved for these services, you may appeal our decision. To make sure that we are fair to you, we require another individual that did not process your initial claim to conduct the appeal. However, in order to be eligible for an appeal, you must write to us within 120 days of the date you received this notice, unless you have a good reason for being late.

Patient Responsibility

Claim Adjustment Reason Codes (CARC): CO-45

Charge exceeds fee schedule/maximum allowable or contracted/legislated fee arrangement. (Use only with Group Codes CO or PR depending upon liability)

CO - Contractual Obligation
PR - Patient Responsibility

Net Claim Payment $57.24
The second notification remittance advice

The second notification remittance advice is to inform you that an overpayment has been identified and the adjusted claim will appear on this remittance.
The second notification remittance advice

The provider will receive a demand letter and remittance advice separately. You will need both documents to have a clear understanding of the overpayment rationale.

The demand letter will include an attachment that will provide the original claim number, beneficiary name, Medicare identification number (MID), service dates (from/to), overpayment amount, date paid, performing provider number and reason for the overpayment.

Compare the claim details from the first notification remittance advice to the new claim adjustment detail lines to determine what information has changed. This will help you understand why an overpayment occurred.

Click the Next button to view a sample of the second notification remittance advice.
Second notification remittance advice:

You can locate information about your overpayment ($57.24) by notation of “FB” in the PLB reason code followed by the corresponding FCN and MID of the overpayment. This is located in the summary section of the remittance. However, no money has been deducted from this remittance payment for this claim.

Roll your cursor over the highlighted green and orange boxes for more information.

Second notification remittance advice:

You can locate information about your overpayment ($57.24) by notation of “FB” in the PLB reason code followed by the corresponding FCN and MID of the overpayment. This is located in the summary section of the remittance. However, no money has been deducted from this remittance payment for this claim.

Roll your cursor over the highlighted green and orange boxes for more information.

Roll over this box for overpayment calculation.

Roll over this box to view a sample demand letter attachment.

Provider Level Balance (PLB) Reason Code

Forward Balance (FB)
The FB amount does not indicate funds have been withheld from the provider’s payment for this remittance advice. It only indicates that a past claim has been adjusted to a different dollar amount. The FB indicated does not change the amount of the payment for this remittance advice.

Financial Control Number (FCN): The adjusted claim internal control number (ICN). This number will match the invoice number listed on the attachment of the demand letter.

The invoice number includes a two digit prefix:
(59 = FL, 97 = PR/USVI)

Beneficiary ID number associated with the claim.

The overpayment is the amount in the PROV PD minus the amount in the ADJS: PREV PD.
For the above claim $0.00 - $57.24 = -$57.24. The overpayment amount for this claim is $57.24
Offset remittance advice

The offset remittance advice is to inform you of the amount of money deducted from the total amount paid. The corresponding claim information must be found within the overpayment letter received or the previous notification remittance advices.

Click the Next button to view a sample of the offset remittance advice.
Offset remittance advice:

$57.24 was deducted from the total amount paid on the remittance as notated by the PLB Reason Code WO for “Withholding Offset”. This is the only information provided about the overpayment adjustment and is found on the bottom of the remittance advice.

The adjusted claim information can be found on the second notification remittance advice or the overpayment letter.

Roll your cursor over the highlighted boxes for more information.

Offset remittance advice:

$57.24 was deducted from the total amount paid on the remittance as notated by the PLB Reason Code WO for “Withholding Offset”. This is the only information provided about the overpayment adjustment and is found on the bottom of the remittance advice.

The adjusted claim information can be found on the second notification remittance advice or the overpayment letter.

Roll your cursor over the highlighted boxes for more information.

Overpayment recovery (Withholding Offset-WO)

A Withholding does indicate funds have been withheld from the provider’s payment for this remittance advice. This is the result of an adjusted or reversed claim that has caused an overpayment to the provider for a patient’s previously paid claim. The WO does change the amount of the payment for this remittance advice.

FCN: The adjusted claim ICN. This number will match the invoice number listed on the attachment of the demand letter.
Summary

First notification remittance advice:  -Claim paid

Second notification remittance advice:  -Overpayment identified
- Paid claim adjusted
- FB in PLB reason code
- No money deducted from remittance
- FCN and invoice number are the same

Offset remittance advice:  -Withholding occurs
- WO in PLB reason code
- Overpayment amount deducted from remittance total
Resources

The Medicare Overpayment Collection Process Fact Sheet

Medicare Financial Management Manual
Chapter 3 - Overpayments

First Coast Website Overpayments
https://medicare.fcso.com/searchResults.asp?q=overpayments&site=medicare_collection

Cotiviti Healthcare Website Recovery Audit Program
http://www.cotiviti.com/healthcare
Thank you for viewing

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The first notification remittance advice displays the approved amount on the initial claim.

Click the Next button to view a sample of the first notification remittance advice.

The first notification remittance advice displays the approved amount on the initial claim.

Click the Next button to view a sample of the first notification remittance advice.
First notification remittance advice:

Displays a claim payment of $84.33

Roll your cursor over the highlighted boxes for more information.

Performing Provider
Date(s) of service
Place of Service
Number of Services/Units
Procedure Code
Modifiers
Amount Billed
Allowed Amount
Deductible
Coininsurance
Group Codes and Claim Adjustment Reason Codes (CARCs)

Provider Paid Amount

Assignment accepted: Yes

Remittance Advice Remark Code (RARC) MAO1

Alert: If you do not agree with what we approved for these services, you may appeal our decision. To make sure that we are fair to you, we require another individual that did not process your initial claim to conduct the appeal. However, in order to be eligible for an appeal, you must write to us within 120 days of the date you received this notice, unless you have a good reason for being late.

Patient Responsibility

Claim Adjustment Reason Codes (CARC): CO-45

Charge exceeds fee schedule/maximum allowable or contracted/legislated fee arrangement. (Use only with Group Codes CO or PR depending upon liability)

CO - Contractual Obligation
PR - Patient Responsibility

Net Claim Payment $84.33
The second notification remittance advice

The second notification remittance advice is to inform you that an overpayment has been identified and the adjusted claim will appear on this remittance.
The second notification remittance advice

The provider will receive a demand letter and remittance advice separately. You will need both documents to have a clear understanding of the overpayment rationale.

The demand letter will include an attachment that will provide the original claim number, beneficiary name, Medicare identification number (MID), service dates (from/to), overpayment amount, date paid, performing provider number and reason for the overpayment.

Compare the claim details from the first notification remittance advice to the new claim adjustment detail lines to determine what information has changed. This will help you understand why an overpayment occurred.

Click the Next button to view a sample of the second notification remittance advice.
Second notification remittance advice:

You can locate information about your overpayment ($57.13) by notation of “FB” in the PLB reason code followed by the corresponding FCN and MID of the overpayment. This is located in the summary section of the remittance. However, no money has been deducted from this remittance payment for this claim.

Roll your cursor over the highlighted green and orange boxes for more information.

Second notification remittance advice:

You can locate information about your overpayment ($57.13) by notation of “FB” in the PLB reason code followed by the corresponding FCN and MID of the overpayment. This is located in the summary section of the remittance. However, no money has been deducted from this remittance payment for this claim.

Roll your cursor over the highlighted green and orange boxes for more information.

Provider Level Balance (PLB) Reason Code
Forward Balance (FB)

The FB amount does not indicate funds have been withheld from the provider’s payment for this remittance advice. It only indicates that a past claim has been adjusted to a different dollar amount. The FB indicated does not change the amount of the payment for this remittance advice.

Financial Control Number (FCN): The adjusted claim internal control number (ICN)

This number will match the invoice number listed on the attachment of the demand letter.

The invoice number includes a two digit prefix:
(59 = FL, 97 = PR/USVI)
Beneficiary ID number associated with the claim.

The overpayment reason is procedure code 99214 was changed to 99213.

The overpayment is the amount in the PROV PD minus the amount in the ADJS: PREV PD. For the above claim $57.13 - $84.33 = -$27.20. The overpayment amount for this claim is $27.20.
Offset remittance advice

The offset remittance advice is to inform you of the amount of money deducted from the total amount paid. The corresponding claim information must be found within the overpayment letter received or the previous notification remittance advices.

Click the Next button to view a sample of the offset remittance advice.
Offset remittance advice:

$27.20 was deducted from the total amount paid on the remittance as noted with the PLB Reason Code WO for "Withholding Offset". This is the only information provided about the overpayment adjustment and is found on the bottom of the remittance advice.

The adjusted claim information can be found on the second notification remittance advice or the overpayment letter.

Roll your cursor over the highlighted boxes for more information.
Summary

First notification remittance advice: -Claim paid

Second notification remittance advice: -Overpayment identified
- Paid claim adjusted
- FB in PLB reason code
- No money deducted from remittance
- FCN and invoice number are the same

Offset remittance advice: -Withholding occurs
- WO in PLB reason code
- Overpayment amount deducted from remittance total
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Understanding Remittance Advice

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