PI - Interest on Program Integrity Overpayments

Purpose:
1. The following procedure describes the processes established for assessing interest on Program Integrity (PI) overpayments determined from any type of review.

Identification of Roles:

RACI Definitions	
RACI - RACI charts are a type of responsibility assignment matrices in project management. These simple spreadsheets or tables highlight the different states of responsibility a stakeholder has over a particular task or deliverable and denotes it with the letters R, A, C, or I.	
(R)	Responsible
(A)	Accountable
(C)	Consulted
(I)	Informed

Iowa Medicaid PI Financial Analyst — assesses interest on PI-determined overpayments. **(R)**

Performance Standards:
Assess and collect interest as agreed upon between Iowa Medicaid Leadership and Iowa Medicaid Counsel

Path of Business Procedure:
Interest associated with PI-determined overpayments can be assessed and is covered by Iowa Code 249A.41. Overpayments of and in excess of $50,000, along with all provider-requested repayment plans, shall have interest calculated and assessed. The following steps are completed by the Iowa Medicaid PI Financial Analyst for interest.

1. **Assessing interest on high overpayment amounts.**
   Interest is assessed on high overpayment amounts taking into consideration the advice and any concerns on the part of Iowa Medicaid Counsel (Assistant State Attorney General Lisa Reel Schmidt as of 05/01/2020).

   a. Is the overpayment amount $50,000 or more? If yes, proceed with calculating interest. If not, interest will not be assessed unless the provider submits a request for an extended repayment plan and the request is approved.

If the overpayment is $50,000 or more, access: https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldYear&year=2013 .

b. From this web-site select the year the overpayment was determined, click the "Go" button, and find the column entitled "1-Yr". In the "Date" column, find the date that corresponds to the day immediately prior to the date of the findings letter (FOR). Locate the 1-Yr rate for this date and add 2%. Add an additional 5% per annum. Determine this rate does not exceed the maximum rate allowed by law in the state of Iowa for the date in question. A historical list of these "maximum legal" rates is included at the end of this procedure.

- The maximum legal rate for Iowa is found at this link: http://www.idob.state.ia.us/bank/Docs/statics/rates/Usury_History.pdf

c. Bottom line is, the interest rate to use is the lower of (1) the one-year treasury constant maturity index published by the Federal Reserve in its H.15 Report effective immediately prior to the date of judgment (FOR letter), plus 2%, and plus 5% per annum, or (2) the maximum legal rate allowed by state law.

d. If the overpayment is $50,000 or more, the interest period will begin on the findings letter date (FOR date), and end on the date a provider payment is received in the OnBase system. Simple interest will be calculated and accrued (no compounding). A final interest settlement may have to be calculated if the provider's payment does not include sufficient accrued interest.

2. Assessing interest on provider-requested repayment plans.

Providers who are indebted to the State for overpayment of Medicaid funds may take the initiative to request a repayment plan by which to refund the overpayment. The provider's request must be in writing and must include documented reasons why the provider believes it will suffer financial hardship by having to return their overpayments in their entirety and within a 60-day period. Repayment plans may not exceed 12 months, unless special approval is granted by either the Iowa Medicaid Medicaid Director or the DHS Director. Interest is calculated and assessed on all approved repayment plans.

a) Where the Department agrees to approve and offer a repayment plan to a provider, the length of the plan, in months, must be established first. Once the length of the plan is set a repayment amortization schedule is constructed. This schedule establishes the monthly payment required that will satisfy the repayment of both the principal and accrued interest on the unpaid principal at the end of each month. An example of such an amortization schedule is provided at the end of this procedure. The interest rate to incorporate into this schedule is arrived at by following the procedure in #1(a) (b) and (c) above. Use the treasury link provided.

b) The calculated amount of interest will be communicated to the provider via a repayment plan letter that includes this amortization table. The specific amount of interest included in each monthly payment is reflected in this table.

c) Assessed interest is intended to be collected from the provider by the provider's check or money order. When the provider remits interest by check or money order, a "history-only" gross adjustment is prepared through OnBase and is entered into the MMIS. Adjustment reason code "85" is used for interest collection, and the Accounting Code "7" is used, just as with all checks or money orders. All other instructions applicable to history-only gross adjustments in the normal course of business are followed.

3. Putting the provider in a credit balance.

A live gross adjustment (#3) may also be used when it is known the provider will have enough claim reimbursement for a given week to offset the amount that is being grossed/collected.

a) It must be noted that if there is not enough claims activity to offset the entered gross, then the provider will be placed into a credit balance, and the adjustment reason code will not be maintained in the MMIS – resulting in a loss of ability to report reimbursement collected through the credit balance, as interest collected.

4. Placing a lien on a provider

A lien can and should be used when it is known or when there is a risk of the provider not having enough claims reimbursement to offset the interest collection amount. When using the lien process, the adjustment reason code 85 is maintained until the full lien amount has been satisfied (unlike the gross adjustment process, which does not maintain the adjustment reason code).

a) A limitation of the lien process is that only one lien/adjustment reason code can be entered into the system at one time. If a lien is already present and not expected to be satisfied in the foreseeable future, then the option of a physical payment or gross adjustment should be considered instead.

b) When entering a lien for the purpose of interest collection the Provider ID 9999998 must be used with adjustment reason code 85. For the purpose of reporting and physical collection of interest it is important to only use this provider ID/adjustment reason code combination. The system should not let either the 85 adjustment reason code or the 9999998 provider ID be entered exclusively into the lien fields on the Provider Master file. An illustration of this screen is provided below.

The Bureau of Fiscal Management will use the special adjustment summary reports from the OnBase system, that aggregate the gross adjustment forms reflecting Adjustment Reason Code "85", and MMIS reports summarizing the resulting gross adjustment transactions, in preparing the required quarterly CMS-64 report. The CMS-64 report will then reflect the correct federal-dollar share of all interest recovered.

Forms/Reports:
MMIS MARS Report IAMM 2700-R003
CMS-64.9 Report

Interfaces:
Bureau of Fiscal Management
Provider Services Staff

Attachments:
Usury Rate History 05_01_2020
X000240002 TLC In Home Care Lisa Frat
Interest collection 042814

Usury Rate History 05_01_2020.pdf   X000240002 TLC In Home Care Lisa Frati   Interest collection 042814.doc

File Path:

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