

**UC Riverside, School of Medicine Policies and Procedures****Policy Title:** Refund Process**Policy Number:** 950-05-008

<b>Responsible Officer:</b>	Executive Director, UCR Health
<b>Responsible Office:</b>	University of California, Riverside School of Medicine
<b>Origination Date:</b>	04/2015
<b>Date of Revision:</b>	N/A
<b>Review Date:</b>	03/2023
<b>Scope:</b>	This policy applies to UCR Health. UCR Health billing providers outside of the UCR Physicians Billing Office are not covered by this policy.

**I. Policy Summary****Purpose**

- A.** To promote and ensure compliance with governmental and private payor credit balance and refund/disbursement processing rules and regulations.
- B.** To improve customer service by establishing standard procedures for expedient processing and issuance of refunds due to patients and/or their representatives.

**II. Policy Text**

- A.** It is the policy of UCR Health to establish standard procedures for detection, validation and timely processing and issuance of refunds to third party payors and patients/guarantors for overpayments, credit balances or improperly allocated funds, which may have been identified either internally, via:

1. Billing vendor for UCR Health audits of manual and/or automated payment allocation/posting;
2. UCR School of Medicine Office of Compliance and Privacy billing audits,
3. UCR Risk Management Reporting

Or externally, via:

4. Third party payor audits and/or revaluation of reimbursement rates;
5. Patient/guarantor requests.

**B. APPLICABILITY:**

1. This policy applies only to UCR Health customers. UCR Health provider entities billing for healthcare services outside UCR Physicians Billing vendor are not covered by this policy.
2. This policy applies to all patients and their representatives who seek medical care from UCR Health.

**C. OVERVIEW:**

1. The objective of these procedures is to outline the responsibilities and functions of UCR Health billing vendor and UCR Health in order to ensure compliance with UCR Health policy on refunds.

2. These procedures must be used when the Cash Undistributed (CU) is reconciled with the billing vendor and Dean's Finance Office. Refunds will be approved and processed by the UCR SOM Business Office.

### **III. Procedures**

#### **A. Refund Validation and Processing**

When a refund request form is received: (need form)

1. Stamp patient/insurance refund form with the date of receipt.
2. Billing vendor to review and approve/deny the refund request.
  - a. If approved, forward to UCR SOM Business Office.
  - b. If denied, respond to the requestor for resolution.
3. The request will be reviewed and approved by UCR Health designee and UCR SOM Business Office and forwarded to the transactor to process.
4. Transactor will process payment request to campus Accounting Office. Accounting requires refunds to be supported by an attachment confirming the original payment being refunded and the calculation of the refund amount (if applicable).
5. Payee should allow approximately 3-4 weeks for processing.

#### **B. Insurance refund request letters:**

1. If the refund request is received by the UCR SOM Business Office it should be stamped with the date of receipt.
2. Forward the request letter to the billing vendor client manager for review.
  - a. If appropriate for refunds, forward to the UCR SOM Business Office for processing.
  - b. If denied communicate directly with the insurance company.
  - c. Forms/Instructions

#### **C. Compliance I Risk Management Refunds:**

1. UCR Health is notified by the UCR Director, Clinical Compliance and Privacy that an audit or an incident review has been completed and compliance/risk refunds are due. The UCR Office of Compliance and Privacy maintains records of accounts where refunds are due.
2. The UCR SOM Business Office reviews the request designated compliance refunds from the Compliance Office and forwards to the appropriate UCR Health designee for review and final approval of the refunds.
3. The UCR SOM Business Office is responsible for processing the approved compliance refunds.
4. The Business Office has 7-10 calendar days to process all compliance refunds. Once the refunds are completed, the Business Office sends a completion notice to the UCR School of Medicine Office of Compliance and Privacy.
5. All refunds of government overpayments will be completed within sixty (60) calendar days of identification.

#### **D. Patient Refunds: (need form)**

1. Patient refund requests may be originated by either the billing vendor, UCR Health practices, or the UCR SOM Business Office. The requestor is responsible for completing the Patient (paper) Refund Form and forwarding it to the UCR SOM Business Office. The Business Office also reviews the patient paper Refund Form to verify that it contains all the necessary information:
  - a. If the form is completed properly and contains all necessary information, move to the next step of the refund process.
  - b. If the paper form is missing important information, return the form to the billing vendor client manager for review and additional information. Enter comments in the billing system explaining the reason for rejecting the form.
2. If the Patient Refund form is correct, review the billing system to verify that there is a credit:
  - a. If there is a credit, forward to the UCR SOM Business Office.
  - b. If there is no credit, return the refund request to the appropriate billing vendor client manager for review and additional information/clarification. Enter comments into the billing system explaining the reason for rejecting the form (i.e. no credit on the account).
3. If there is a credit, verify if the patient/guarantor made a payment on the account and that the patient/guarantor payment credit is on the correct date of service and billing area. Also verify that the credit is due to a patient/guarantor overpayment.
  - a. If the credit is due to patient/guarantor overpayment move to the next step in the refund process.
  - b. If the credit is due to an inappropriate adjustment, send the refund request back to the appropriate billing vendor client manager for review. If the credit is due to an insurance payment, review the refund packet to determine if there is documentation as to the reason why the refund is due to the patient/guarantor (i.e. private insurance overpayment). If appropriate documentation is attached, move to the next step in the process. If there is no documentation as to the reason why the insurance payment is being refunded to the patient, send the refund request back to the billing vendor client manager for review/clarification/additional information. Enter comments into the billing system explaining the reason for rejecting the form.
4. If the refund is appropriate, billing vendor client manager will prepare the refund request, post to the billing system and forward to the UCR SOM Business Office. The Business Office representative has 15 business days (from the receipt date) to complete the refund process for processing for payment.

**E. Patient Refunds: (need form)**

1. Insurance refund requests are originated either directly from the payor, UCR Health, billing vendor, or UCR practices. All insurance refund requests must be forwarded to the billing vendor client manager.

2. Billing vendor will conduct the initial research and gather pertinent documentation/information on the refund request regardless of payer or refund amount.
  - a. If the refund request is 365 days after the non-governmental insurance payment, the refund will not be processed. A letter will be sent to the payor and the billing vendor client manager will enter it into the system.
  - b. Campus Accounting Office will review and process refund requests due to obvious overpayments (i.e. duplicate payments, etc.) with approval from the UCR SOM Business Office.
  - c. If the insurance refund request correspondence does not clearly demonstrate the reason for the refund the billing vendor client manager is to submit an inquiry to the payor for clarification (enter notes into the billing system to track these requests). If the payor does not provide required clarification the refund will not be processed. Billing vendor client manager is to arrange for regular IT reports based on refunds to track payor activity.
  - d. If the refund request is related to payment rate issues, the billing vendor client manager will need an approval from the UCR Health Executive Director prior to processing. Billing vendor will enter comments into the billing system. Billing vendor is to arrange for scheduled IT reports to track these requests.
3. For non-obvious refund requests that may be subject to inquiry, each UCR Health area will establish a refund amount (\$\$) threshold based on the billing area.
  - a. If the refund amount is below the UCR Health unit's threshold, billing vendor will research and process the refund as appropriate without the UCR Health unit's approval.
  - b. If the refund amount is equal to or exceeds the threshold, billing vendor will conduct the initial research, gather all pertinent documentation/information and forward the refund request to the UCR SOM Business Office for approval.
    - i. UCR SOM Business Office will review and respond within 10-15 business days.
    - ii. Billing vendor is to arrange for a weekly IT report with comment codes greater than 15 business days to track aging requests and ensure timely completion and follow-up.
    - iii. If no response is received from the billing vendor after 15 business days of the request, UCR SOM Business Office will process the refund without the billing vendor's approval using IT reports.
    - iv. If the billing vendor approves the refund request, the UCR SOM Business Office will process the request.
    - v. If the billing vendor does not approve the refund request, the reason/resolution must be documented for further research and proper correspondence to the payor.
4. If the refund is appropriate, prepare the refund request post the entry into the billing system:
  - a. The following priority is used for refund validation and processing:
    - i. Priority #1- Government payers by oldest date of refund request.
    - ii. Priority #2 - Private payers (i.e. PPO, commercial) by oldest date of refund request.

**F. "Medicare as Primary" Refunds: (not applicable now but should we leave in for future??)**

1. Due to a registration error, Medicare may process claims as the primary payor and UCR Health will process the balance as a secondary payor. Correct billing would have required UCR Health to process the claim as the primary payor and Medicare would have paid as a secondary payer.

When such errors occur, Medicare submits a refund request allowing 30 days to process a refund. If no refund is processed within this timeline, Medicare automatically recoups the funds.

2. Medicare refund request letters are sent to UCR Health with copy to the billing vendor.
3. Billing vendor matches the refund requests (letters) and inputs into the billing system for tracking purposes.
4. All refunds to Medicare are to be prioritized and processed within the deadlines as indicated in the refund request letter.
5. Billing vendor representative processing these refunds must:
  - a. Update the encounter in the system.
  - b. Transfer the balance to UCR Health as a primary payer.
  - c. Enter notes on the billing system invoice stating the reason for change of insurance and refund.

**G. Credit Card Refunds (need form)**

1. Credit card refund requests may be originated by either UCR Health, UCR SOM Business Office, or billing vendor. Review the Credit Card Refund form to verify that it is completed correctly.
  - a. If correct move to the appropriate steps to refund.
  - b. If incorrect, return the form to the appropriate billing vendor client manager for review and additional information. Enter notes into the billing system.
2. If the Credit Card Refund form is correct review to verify that there is credit and that the payment was in fact made via a credit card.
  - a. If there is a payment credit, move to the next steps in the process.
  - b. If there is no credit, the refund is returned to the appropriate billing vendor client manager for review/clarification. Enter comments into the billing system explaining the reason for rejecting the form.
3. If there is a credit, verify to make sure that the patient/guarantor made the payment on the account and that the patient/guarantor payment credit is for the correct date of service and department. Also verify that the credit is due to a patient/guarantor overpayment.
  - a. If the credit is due to a patient/guarantor overpayment, obtain approval from the UCR SOM Business Office.
  - b. If the credit is due to an inappropriate adjustment, send the refund request back to the appropriate billing vendor client manager for review and further instructions. Enter comments into the billing system explaining the reason for rejecting the form.

4. If the refund is appropriate, the billing vendor has 3 business days to forward the refund request to the UCR SOM Business Office to process via the credit card. Enter notes into the billing system stating that the Credit Card Refund request was sent to the UCR SOM Business Office.

#### **H. Refund "Pick-ups":**

Once refunds have been entered into the system, send an email to campus accounting inquiring whether refund checks will be sent to the UCR SOM Business Office via courier or made available for a pick-up. Refund checks will be available one or two business days after an email confirmation has been sent to us from campus accounting.

#### **I. "Cancel Refunds":**

The billing vendor client manager reviews the refund report provided by the billing system on a daily basis. If determined that there are errors on the report, a "Cancel Refund" is processed:

1. "Cancel Refunds" are processed for the following reasons:
  - a. Payment previously recouped by payor
  - b. Incorrect refund amount entered
  - c. Incorrect payor requested
  - d. Duplicate refund
  - e. Returned refund checks
2. Billing vendor will identify patient account and post cancellation reason.

#### **REFUNDS OUTSTANDING:**

Any refunds that have been outstanding for more than three years from the date it was payable or date of issuance and there has been no correspondence electronically or in writing with the financial organization, the funds will be returned to the State of California.

#### **MONITORING/ACCOUNTABILITY:**

The UCR Health billing vendor and UCR billing areas and UCR SOM Business Office (cash undistributed) must conduct frequent, regularly scheduled quality reviews to ensure adherence with this policy. Immediate corrective actions must be taken as necessary. These may include:

- a. Training and re-training of staff
- b. Disciplinary actions
- c. Reporting non-compliance to UCR Director, Clinical Compliance and Privacy.

#### **IV. Revision History**

Origination Date: 04/2015

Review Date: 03/2023 – Compliance reviewed this policy and confirmed there are no revisions needed.

Approvals:

DocuSigned by:

*Paul Hackman*

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3/13/2023 | 2:28 PM PDT

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