



# STATE OF IOWA

CHESTER J. CULVER, GOVERNOR  
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES  
EUGENE I. GESSOW, DIRECTOR

## INFORMATIONAL LETTER NO. 754

September 26, 2008

**TO:** Iowa Medicaid Remedial Service Providers

**ISSUED BY:** Iowa Medicaid Enterprise

**RE:** Recoupment of Funds for Non-Remedial Services

**EFFECTIVE:** **Immediately**

The Iowa Administrative Code 441-78.12 provides rules that govern the provision of Remedial Services covered by Iowa Medicaid including descriptions of excluded services, coverage requirements and medical necessity criteria. Informational Letter 665, dated December 27, 2007, described the process for Remedial Service Providers to submit progress notes for each date of service related to the approved remedial service plan for which a claim is submitted to the Iowa Medicaid program.

As noted in Informational Letter 665, Medical Services randomly selects progress notes from each provider to review quarterly. Up to now, the findings and feedback on the Progress Notes have been considered educational, as this was a new activity and to give providers time to adjust their operations accordingly.

- **Effective immediately, if the progress note review identifies that Medicaid has paid for a non-covered service that has been billed as remedial, IME will initiate procedures to take back the payment for that claim, pursuant to federal requirements. See below for more information.**

Section 1903(d)(2)(C) and (D) of the Social Security Act and 433.312 of the Code of Federal Regulations allows States 60 days from the time an overpayment is discovered to return the federal share of that payment to the Federal government. All remedial services providers have now had multiple opportunities for educational feedback from the progress notes reviews and the program has now been in operation for nearly two years. As such, we can no longer consider the findings/errors from the Progress Notes reviews to be educational, but must identify them as 'overpayments'. Under the regulations listed above, the IME is obligated to recoup overpayments from providers.

### **Recoupment Process**

In accordance with Iowa Administrative Code 441-79.4, providers will receive a preliminary finding of overpayment and will have the opportunity to provide clarification or additional documentation within 15 calendar days. If the continued determination is that overpayment has occurred, providers will receive a notice of overpayment that will include appeal rights. Providers will also receive a remittance advice that shows the original paid claim transaction control number, the date of service, member name and member SID.

### **Recoupment Reasons**

Recoupment may occur for the following reasons:

- Progress notes were never submitted (technical)
- Remedial rules were not followed and documented correctly (medical necessity was not supported).
- The service billed does not meet the requirements of the Remedial rules.

If you have any questions regarding Remedial Progress Notes or this process, please contact IME Medical Services at 515-725-1008 (local) or 800-383-1173. For questions regarding claim billing or payment, please contact IME Provider Services, telephone 515-725-1004 (local) or 800-338-7909, or by e-mail at: [imeproviderservices@dhs.state.ia.us](mailto:imeproviderservices@dhs.state.ia.us).