



Medicare Overpayments

What's Changed?

Note: No substantive content updates.

Introduction

An overpayment is a payment made to a provider exceeding amounts due and payable according to existing laws and regulations. Identified overpayments are debts owed to the federal government. Laws and regulations require CMS recover overpayments. This fact sheet describes the overpayment collection process.

NOTE: Find more information about Medicare Secondary Payer (MSP) overpayments when Medicare isn't the patient's primary health insurance coverage on the [Coordination of Benefits & Recovery Overview](#) webpage.

Overpayment Definition

A Medicare overpayment exceeds regulation and statute properly payable amounts. When Medicare identifies an overpayment, the amount becomes a debt you owe the federal government. Federal law requires we recover all identified overpayments.

Medicare overpayments happen because of:

- Incorrect coding
- Insufficient documentation
- Medical necessity errors
- Processing and administrative errors

Overpayment Collection Process

Through reasonable diligence, you or a staff member identify receipt of an overpayment and quantify the amount. According to [SSA Section 1128J\(d\)](#), you must report and return a self-identified overpayment to Medicare within:

- 60 days of overpayment identification
- 6 years from overpayment receipt, generally known as the “lookback period”
- If applicable, the cost report due date

When you get an overpayment of \$25 or more, your MAC initiates overpayment recovery by sending a demand letter requesting repayment.

Overpayment Collection Tools

Demand Letter

A MAC demand letter explains:

- Overpayment reason(s)
- Interest accrual begins if the overpayment isn't repaid in full within 30 days
- Immediate recoupment request options
- Extended Repayment Schedule (ERS) request options
- Rebuttal rights
- Appeal rights

Choose from these options when responding to an initial demand letter:

- Make an immediate payment
- Request immediate recoupment
- Submit a rebuttal
- Appeal the overpayment by requesting a redetermination

Payment Options

- **Immediate Payment:** Follow the demand payment letter directions.
- **Request Immediate Recoupment:** Occurs when Medicare recovers an overpayment by offsetting future payments. Your MAC may recoup a partial payment (for example, a percentage of payments recouped) or a complete recoupment. Upon your request, your MAC can begin recoupment immediately by following the demand letter instructions. Initiating immediate recoupment applies to all current and future debts, unless otherwise specified.
- **Request Standard Recoupment:** Your MAC automatically begins standard recoupment according to the Overpayment Debt Collection Activities schedule. If the debt becomes delinquent, interest may accrue.
- **Request an ERS:** If you can't make the full overpayment in the required timeframe, follow the instructions in the MAC ERS demand letter.

Other Options

- **Rebuttal:** Submit a rebuttal within 15 calendar days from the date you get your MAC's demand letter. Explain or provide evidence why no recoupment should occur. The MAC promptly evaluates your rebuttal statement.

NOTE: A rebuttal is different than an appeal and doesn't stop recoupment activities.

- **Appeal:** If you disagree with an overpayment decision, you or your representative can request an appeal. Medicare Part A and Part B has 5 appeal levels:
 1. **Redetermination** is the first appeal level after the initial Part A and Part B claims determination. Your MAC takes a second look at the claim and supporting documentation. A MAC employee uninvolved in the initial determination makes the redetermination.
 2. **Reconsideration** by a Qualified Independent Contractor (QIC).
 3. **Hearing** by an Administrative Law Judge or **Review** by an Attorney Adjudicator at the Office of Medicare Hearings and Appeals (OMHA).
 4. **Review** by the Medicare Appeals Council.
 5. **Judicial Review** in U.S. District Court.

Find more information in the [Medicare Parts A & B Appeals Process](#) booklet.

Recoupment Limitation

[SSA Section 1893\(f\)\(2\)\(A\)](#) outlines Medicare overpayment recoupment limitations. When CMS and MACs get a valid first- or second-level overpayment appeal, subject to certain limitations, we can't recoup the overpayment until there's an appeal decision. This affects recoupment timeframes. Get more information about which overpayments we subject to recoupment limitation at [42 CFR Section 405.379](#).

Debt Collection Timeframes

The table below shows the overpayment debt collection activities timeframe. It describes how overpayments subject to Recoupment Limitation collections differ. It also notes when an action may not apply if an overpayment is in an excluded status (for example, a requested or approved ERS, appeal, or bankruptcy).

Overpayment Debt Collection Activities

Timeframe	Activity
Day 1	MAC sends an overpayment determination demand letter within 7 calendar days.
Days 1–16	MAC begins immediate recoupment by Day 16 if you request it.
Day 15	Last day to submit a rebuttal.
Day 16	MAC begins standard Part A overpayment recoupment not subject to Recoupment Limitations or in an excluded category.
Day 30	Last day to pay in full to avoid interest accrual. Interest continues to accrue for each 30-day period until you pay the debt in full. When requesting a redetermination on an overpayment subject to the Recoupment Limitation provision, you must file the redetermination by Day 30 from the demand letter date to prevent recoupment on Day 41. If you file an appeal after Day 30 and by Day 120, the law requires your MAC to stop recoupment subject to recoupment limitation when it gets and validates your appeal but won't refund money already recouped.
Day 31	Interest accrual begins for unpaid overpayments by Day 30.
Day 40	Last day to pay overpayments in full before recoupment begins, subject to Recoupment Limitation, unless it's in an excluded category.
Day 41	MAC begins standard overpayment recoupment unless overpayment is an excluded category, such as overpayments subject to Recoupment Limitation in the redetermination appeal status.
Days 61–90	MAC sends Intent to Refer (ITR) letter for eligible delinquent debts.
Day 90	MAC attempts to contact you by phone if the debt is 60 days delinquent and not in a status excluded from referral to the U.S. Treasury Department (the Treasury).
Day 120	Last day to submit initial redetermination appeal request.
Days 126–150	MAC refers debt to the Treasury according to timelines specified in the Digital Accountability and Transparency Act (DATA) .

Overpayment Collection Process

If you fail to pay in full, you get an ITR letter 60–90 days after the initial demand letter. The ITR letter advises you to refund the overpayment or establish an ERS. If you don't comply, your MAC refers the debt for collection.

We refer the overpayment debt to the Treasury or to a Treasury-designated Debt Collection Center (DCC). Both work through the [Treasury Offset Program](#) (TOP) to collect the overpayment.

The Treasury may collect the debt using:

- Demand letters
- Phone follow-up
- Skip tracing
- Administrative offset referrals
- Private collection agency referrals, which may collect the debt with skip tracing, credit report search, demand letters, and phone calls
- Federal salary offset
- Administrative wage garnishment

Resources

- [Contact Your MAC](#)
- [Medicare Claims Processing Manual, Chapter 34](#)
- [Medicare Financial Management Manual, Chapter 3](#)
- [Medicare Financial Management Manual, Chapter 4](#)
- [Provider Compliance](#)

[Medicare Learning Network® Content Disclaimer, Product Disclaimer, and Department of Health & Human Services Disclosure](#)

The Medicare Learning Network®, MLN Connects®, and MLN Matters® are registered trademarks of the U.S. Department of Health & Human Services (HHS).