

## Medicare Advantage Refunds

Many providers have recently begun receiving refund requests from Medicare Replacement plans. The refund requests are spanning all of 2012 and dates of service in 2013. These Replacement plans or Medicare Advantage (MA) plans, have been paying providers at the Medicare fee schedule rates that were in effect at the time the patient received treatment. Unfortunately, the majority of these plans did not factor in the effect of the Medicare Multiple Procedure Payment Reduction (MPPR) when they made these payments. During 2012, the MPPR reduction was 20% for Therapists in Private Practice and 25% for facilities (i.e., Rehab Agencies, CORF's). Effective 4/1/2013, the MPPR rate increased to a 50% reduction regardless of provider setting and the 2% sequestration was added as well.

Because these MA plans are subject to these MPPR reductions, they in turn are looking to pass them along to providers. For those providers that are contracted at a rate that is different than the Medicare Fee Schedule, you might be able to avoid any payback of these funds (APTA has issued some pointers on this). But for providers that are paid at the fee schedule rate, these refunds are due and the MA Plans have a right to the refund. HOWEVER, do not assume that the refund request amounts are accurate. As the General Manager of a Billing Service, several clients of ours have received these requests and asked me to assess not only their validity, but to verify the amount requested was accurate.

In that regard, using the Medicare Physician Fee Schedule Calculator that is available on the APTA website, I reviewed liabilities for clients in Michigan and West Virginia. Almost immediately, I noted that for 2012 services, the MA plan was requesting a refund that was slightly higher than what the Physician Fee Schedule indicated it should be. Not by a material amount, but if you extrapolated it to the entire provider population, I would imagine it would fund quite a few executive bonuses for our favorite insurance companies or feed the entire population of a third world country. As I looked at 2013 rates, it looked as if the MA plan was asking for about 10-15% more than was due. In all cases, the original MA Plan payment materially matched what the Fee Schedule indicated would have been the undiscounted payment. In other words, the original undiscounted payment appeared to be correct, but the refund request appeared to be computed incorrectly. And in the time frame of January 1<sup>st</sup> through March 31<sup>st</sup>, the refund amount appeared to be based upon the 25% facility rate as opposed to a 20% Therapist in Private Practice rate.

In the 2 Michigan instances, my clients have set aside the amount they feel is due to be refunded, but are contesting the liability and waiting to receive a response from the MA Plan. In the West Virginia case, the refund amount was not worth contesting, so they are in the process of paying the refund and funding the Insurance Plan's Christmas party.