July 2, 2020

To: John Muir Health Physician Network (JMHPN) Independent Contracted Physicians

Subject: Claim Payment Recovery Process Update

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Dear Physicians and Office Staff:

JMHPN is pleased to announce that we have made an enhancement to our claim payment recovery process, effective May 27, 2020.

Previously, when a claim was adjusted and money was owed to JMHPN due to an overpayment (examples: a corrected claim submittal, a duplicate payment, a payment for Non-Covered Services, coordination of benefits, if a member was determined to be not eligible at the time of services), JMHPN would have sent a letter requesting that a refund be made. This manual process was paper- and time-intensive for both parties.

With the new enhanced process, JMHPN is able to offset the recovery amount against future claim payments, which will help reduce cost and administrative burden for your practice.

Provider disputes and/or appeals can be submitted in writing up to 365 days from the date of JMHPN's last action on the claim.

Should you have questions or would like to see a paper Remittance Advice sample, please either contact JMHPN's Customer Service department at (925) 952-2887 or access the sample on the Physician Resource Center (PRC).   If you need access to the PRC, email a request to PPSBusinessServices@johnmuirhealth.com and include your name, title, practice name, email address, and phone number.

Thank you.

New Claim Payment Recovery Process (Automated Recoupment) – Sample Remittance Advices

When a claim is adjusted and money is owed to JMH/JMHPN due to an overpayment, JMH/JMHPN is now able to automatically offset the recovery amount against future claim payments. This process is called Recoupment.

Two important things to know about Recoupments:

1. When recouping, EPIC (the claims system) will first recoup the oldest amount due. This oldest negative balance is a claim that was paid and later adjusted so that the vendor owes JMH/JMHPN a balance. Basically, it's an overpayment.

2. Recoupment only occurs against negative balances on the same checking account. Example: if the check/EFT is for a Commercial Professional Risk claim <u>but</u> the vendor's negative balance is from the Hospital Risk checking account, the recoupment will not occur on the Commercial claim. Rather, it will only occur on any Hospital Risk claims.

How do Recoupments look on the paper Remittance Advice (RA)?

Two sections on the paper RA pertain to Recoupments:

- **Vendor Transactions Summary**
  - Located on the second to last page
  - Shows balances to be recouped in future check-runs, prior negative balances, and recoupments against the current check
- **Outstanding Liability Report**
  - Located on the last page
  - Shows <u>all</u> negative balances, including ones against other checking accounts (JMH Hospital Risk or JMHPN Professional Risk), regardless of Line of Business (Commercial or Medicare Advantage)

Scenario 1 – New Negative Balances

The weekly check-run pays claims that were recently adjudicated. In this particular scenario, 1 claim of 806.01 is payable by JMHPN, but there are also 2 adjusted claims that had originally been paid and were discovered to not be JMHPN's responsibility. During adjudication, these claims were adjusted (reversed) and there are negative balances for them (one is -1688.54 and the other is -1345.24).

Prior to the automated recoupment process, JMHPN would have sent a letter asking for a refund on these 2 claims.

Now, with the automated recoupment process, these 2 claims are identified and recouped partially on this check-run and the remainder is held for recoupment in future check-runs. The oldest claim is recouped first. It happens to be the claim with -1345.24 due to JMHPN.
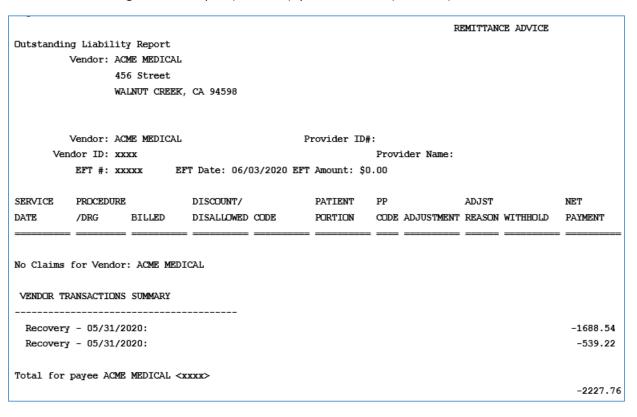
It is applied against the 1 claim that is payable: -1345.24 + 806.01 = -539.22.

Future check-runs will recoup the 539.22 that was not able to be recouped on this check-run, as well as the 1688.54 due to JMHPN from the second claim adjustment. This information is summarized in the Vendor Transactions Summary.

** Note** on the Vendor Transactions Summary, recovery amounts without a negative sign are <u>new</u> and will be recouped in future check-runs.   The listed date is when the transaction was created (the Sunday before the check-run).

```
                                                                REMITTANCE ADVICE
Remittance Detail Report
        Vendor: ACME MEDICAL
               456 Street
               WALNUT CREEK, CA 94598



 VENDOR TRANSACTIONS SUMMARY
----------------------------------------
  Recovery - 05/31/2020:                                            1688.54
  Recovery - 05/31/2020:                                             539.22


Total for payee ACME MEDICAL <xxxx> - [EFT # xxxxx]
                        0.00    2289.67           0.00        0.00        0.00      0.00
```

Note on the Outstanding Liability Report, the amount to be recouped is shown as a <u>negative</u> balance. In this case, the report displays the first adjusted claim's remaining amount to be recouped (-539.22) and the other adjusted claim that is waiting to be recouped (-1688.54), plus their total (-2227.76).

```
                                                                REMITTANCE ADVICE
Outstanding Liability Report
        Vendor: ACME MEDICAL
               456 Street
               WALNUT CREEK, CA 94598



        Vendor: ACME MEDICAL                    Provider ID#:
      Vendor ID: xxxx                                 Provider Name:
         EFT #: xxxxx      EFT Date: 06/03/2020 EFT Amount: $0.00

SERVICE    PROCEDURE           DISCOUNT/        PATIENT   PP                 ADJST          NET
DATE       /DRG      BILLED    DISALLOWED CODE  PORTION   CODE ADJUSTMENT REASON WITHHOLD  PAYMENT
========= ======== ========= ========= ======== ======== ==== ======== ===== ========= ========

No Claims for Vendor: ACME MEDICAL

 VENDOR TRANSACTIONS SUMMARY
----------------------------------------
  Recovery - 05/31/2020:                                            -1688.54
  Recovery - 05/31/2020:                                             -539.22


Total for payee ACME MEDICAL <xxxx>
                                                                   -2227.76
```

To see all the details, go to the Appendix for the full Remittance Advice for Scenario 1.

Scenario 2 – Recoupment done against a previous negative balance

In this scenario, the vendor had an outstanding negative balance of -831.98 against this checking account <u>prior</u> to this check-run.

The original adjudicated claims for this check-run totaled to 597.14, and the vendor would have received a check for 597.14 if there were no outstanding balances to recoup.

The recoupment used the 597.14 payable against the negative balance of -813.98, resulting in 234.84 remaining to be recouped in a future check-run.

** Note** on the Vendor Transactions Summary, recovery amounts with a negative sign are from prior check-runs. Recovery amounts without a negative sign are <u>new</u> and will be recouped in future check-runs.

```
                                                        REMITTANCE ADVICE
Remittance Detail Report
        Vendor: GET WELL MEDICAL
                123 STREET
                WALNUT CREEK, CA 94598



        Vendor: GET WELL MEDICAL              Provider ID#:
      Vendor ID: XXX                          Provider Name:
        Check #: XXXXX     Check Date: 06/22/2020 Check Amount: $0.00

SERVICE    PROCEDURE           DISCOUNT/         PATIENT   PP                  ADJST            NET
DATE       /DRG      BILLED    DISALLOWED CODE   PORTION   CODE ADJUSTMENT REASON WITHHOLD   PAYMENT
========= ======== ========= ========= ========= ======== ==== ========= ====== ========= =========

No Claims for Vendor: GET WELL MEDICAL

 VENDOR TRANSACTIONS SUMMARY
 ----------------------------------------
  Recovery - 06/14/2020:                                                            -831.98
  Recovery - 06/21/2020:                                                             234.84


Total for payee GET WELL MEDICAL <xxxx>
                                                                                   -597.14
```

Note the Outstanding Liability Report shows <u>all</u> negative balance transactions for the vendor, regardless of checking account (JMH Hospital Risk or JMHPN Professional Risk) and Line of Business (Commercial or Medicare Advantage).

This vendor has the negative balance of -234.84 from the above transactions <u>AND</u> also two remaining negative balances from the other Line of Business and/or the other Risk checking account (the -29.68 and -56.12). The total Negative Balance amount for this Vendor is now -320.64 and future check-runs will recoup it.

```
                                                                  REMITTANCE ADVICE
Outstanding Liability Report
        Vendor: GET WELL MEDICAL
                123 STREET
                WALNUT CREEK, CA 94598


        Vendor: GET WELL MEDICAL                  Provider ID#:
      Vendor ID: XXX                              Provider Name:
        Check #: XXXXX      Check Date: 06/22/2020 Check Amount: $0.00

SERVICE     PROCEDURE             DISCOUNT/          PATIENT   PP              ADJST           NET
DATE        /DRG       BILLED     DISALLOWED CODE    PORTION   CODE ADJUSTMENT REASON WITHHOLD PAYMENT
========    ========   ========   ========== ======  ========  ==== ========= ====== ======== ========


No Claims for Vendor: GET WELL MEDICAL


 VENDOR TRANSACTIONS SUMMARY
-----------------------------------------
  Recovery - 05/31/2020:                                                               -29.68
  Recovery - 05/31/2020:                                                               -56.12
  Recovery - 06/21/2020:                                                              -234.84


Total for payee GET WELL MEDICAL <xxxx>
                                                                                      -320.64
```

APPENDIX –Scenario 1's Full Remittance Advice

```
Page: 1
                                                REMITTANCE ADVICE

Remittance Detail Report
        Vendor: ACME MEDICAL
                456 Street
                WALNUT CREEK, CA 94598



        Vendor: ACME MEDICAL              Provider ID#:    xxxxxx
    Vendor ID: xxxx                            Provider Name: Acme Medical Inc
        EFT #: xxxxx      EFT Date: 06/03/2020 EFT Amount: $0.00

====================================================================================================
Ins. Co. Name: JMPN UNITED HEALTHCARE MEDICARE [1640000016]     EFT #: xxxxx     Claim #: 17000041

Patient Name: SICK,PATIENT JANE Date of Birth: xx/xx/xxxx          Patient Acct#: xxxxxxxxx
Member ID: xxxxxxxxx                     Group: xxxxxxxxxxx
```

SERVICE DATE	PROCEDURE /DRG	BILLED	DISCOUNT/ DISALLOWED	CODE	PATIENT PORTION	PP CODE	ADJUSTMENT	ADJST REASON	WITHHOLD	NET PAYMENT	PRIMARY INSURANCE	PRIMARY PAT PORT
05/01/2020	3EA11	0.00	-403.01	C	0.00	4	0.00		0.00	403.01		
05/19/2020	3EA11	0.00	-403.01	C	0.00	4	0.00		0.00	403.01		
Claim Totals:		0.00	-806.02		0.00		0.00		0.00	806.02	0.00	0.00

```
Interest Amount: 0.00
Penalty Amount: 0.00


 Total for Processed Claims:
          ---------- ---------- ---------- ---------- ---- ---------- ------ ---------- ---------- ---------- ----------
                0.00     -806.02                0.00              0.00         0.00       806.02       0.00       0.00
```

REMITTANCE ADVICE

Remittance Detail Report

      Vendor: ACME MEDICAL

         456 Street

         WALNUT CREEK, CA 94598

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Ins. Co. Name: JMPN HUMANA [1640000006]   EFT #: xxxxx   Claim #: 1700097   (Adjusting: Claim #: 1000008, EFT #: xxxxxxxx)

Patient Name: GRAVELY, ILL JOE   Date of Birth: xx/xx/xxxx   Patient Acct#: xxxxxxx
Member ID: XXXXXXXXXXXX   Group: xxxxxxxxxxxxx

SERVICE DATE	PROCEDURE /DRG	BILLED	DISCOUNT/ DISALLOWED	CODE	PATIENT PORTION	PP CODE	ADJUSTMENT	ADJST REASON	WITHHOLD	NET PAYMENT	PRIMARY INSURANCE	PRIMARY PAT PORT
07/23/2019	1BFKS	0.00	0.00	18,204,25-3,CD	0.00		0.00			0.00		
07/23/2019	1BFKS	0.00	1723.00	18,204,25-3,C	0.00	4	0.00		0.00	-1688.54		
Claim Totals:		0.00	1723.00		0.00		0.00		0.00	-1688.54	0.00	0.00

CLAIM EOB SUMMARY (** CLAIM DENIED **)

     Claim Level Code: [18] 18-Duplicate claim/service.
     Claim Level Code: [204] 204-Svc/equip/drug not cvd under plan.: Generated by adjudicator

Interest Amount: 0.00
Penalty Amount: 0.00

REMITTANCE ADVICE

Remittance Detail Report

      Vendor: ACME MEDICAL

          456 Street

          WALNUT CREEK, CA 94598

===

Ins. Co. Name: JMPN UNITED HEALTHCARE MEDICARE [1640000016]   EFT #: xxxxx   Claim #: 1400061   (Adjusting: Claim #: 1200073

Patient Name: VERY, SICK GUY   Date of Birth: XX/XX/XXXX   Patient Acct#: XXXXXXXXX

Member ID: XXXXXXXXXX   Group: XXXXXXXXXXXXXXX

SERVICE DATE	PROCEDURE /DRG	BILLED	DISCOUNT/ DISALLOWED	CODE	PATIENT PORTION	PP CODE	ADJUSTMENT	ADJST REASON	WITHHOLD	NET PAYMENT	PRIMARY INSURANCE	PRIMARY PAT PORT
10/09/2019	3AGKS	0.00	0.00	204,CD	0.00		0.00			0.00		
10/09/2019	3AGKS	0.00	1372.69	204,253,C	0.00	4	0.00		0.00	-1345.24		
Claim Totals:		0.00	1372.69		0.00		0.00		0.00	-1345.24	0.00	0.00

CLAIM EOB SUMMARY (** CLAIM DENIED **)

     Claim Level Code: [204] 204-Svc/equip/drug not cvd under plan.: Generated by adjudicator

Interest Amount: 0.00
Penalty Amount: 0.00

Total for Adjusted Claims:												
		0.00	3095.69		0.00		0.00		0.00	-3033.78	0.00	0.00

Total for JMPN *:												
		0.00	2289.67		0.00		0.00		0.00	-2227.76	0.00	0.00

REMITTANCE ADVICE

Remittance Detail Report

      Vendor: ACME MEDICAL

            456 Street

            WALNUT CREEK, CA 94598

SERVICE DATE	PROCEDURE /DRG	BILLED	DISCOUNT/ DISALLOWED	CODE	PATIENT PORTION	PP CODE	ADJUSTMENT	ADJST REASON	WITHHOLD	NET PAYMENT	PRIMARY INSURANCE	PRIMARY PAT PORT
Total for Acme Medical Inc:												
		0.00	2289.67		0.00		0.00		0.00	-2227.76	0.00	0.00

REMITTANCE ADVICE

Remittance Detail Report

      Vendor: ACME MEDICAL

            456 Street

            WALNUT CREEK, CA 94598

VENDOR TRANSACTIONS SUMMARY

  Recovery - 05/31/2020:   1688.54

  Recovery - 05/31/2020:   539.22

Total for payee ACME MEDICAL <xxxx> - [EFT # xxxxx]

                 0.00   2289.67   0.00   0.00   0.00   0.00   0.00   0.00

Total Interest Amount: 0.00

Total Penalty Amount: 0.00

CODES SUMMARY

            EOB Code: [253] Sequestration - reduction in federal payment

          Reason Code: [C] Contracted Rate Payment

          Reason Code: [CD] Claim Denied

   Patient Portion Code: [4] No Patient Payment

REMITTANCE ADVICE

Outstanding Liability Report

        Vendor: ACME MEDICAL

              456 Street

              WALNUT CREEK, CA 94598

        Vendor: ACME MEDICAL   Provider ID#:

    Vendor ID: xxxx   Provider Name:

      EFT #: xxxxx   EFT Date: 06/03/2020 EFT Amount: $0.00

SERVICE DATE	PROCEDURE /DRG	BILLED	DISCOUNT/ DISALLOWED	CODE	PATIENT PORTION	PP CODE	ADJUSTMENT	ADJST REASON	WITHHOLD	NET PAYMENT	PRIMARY INSURANCE	PRIMARY PAT PORT

No Claims for Vendor: ACME MEDICAL

 VENDOR TRANSACTIONS SUMMARY

  Recovery - 05/31/2020:   -1688.54
  Recovery - 05/31/2020:   -539.22

Total for payee ACME MEDICAL <xxxx>

                        -2227.76

Total Interest Amount: 0.00
Total Penalty Amount: 0.00