Guidelines for Identifying, Reporting, and Returning Medicare Overpayments



1/6/2025 Update:

On November 1, 2024, the Centers for Medicare and Medicaid Services (CMS) issued the 2025 Medicare Physician Fee Schedule Final Rule (Final Rule), which included highly anticipated guidance regarding identifying, reporting, and returning Medicare overpayments. The Final Rule was published on December 9, 2024 and becomes effective on January 1, 2025.

Under the Final Rule, CMS revised when a Medicare overpayment is "identified." Previously, an overpayment was identified when "the person has, or should have through the exercise of reasonable diligence, determined that the person received an overpayment and quantified the amount of the overpayment." Under the Final Rule, an overpayment is now identified when "the person knowingly receives or retains an overpayment.". In addition, the Final Rule provides more time for providers to investigate and calculate overpayments. Once an overpayment has been identified, the 60-day period for reporting and returning the overpayment is suspended for purposes of conducting a good-faith investigation to uncover any related overpayments. This suspension will last until the earlier of either: (i) the completion of the investigation and calculation of the initial and any related overpayments or (ii) 180 days from the initial identification of the overpayment.

CMS provided the following example of how the suspension of the deadline will operate: If a provider identifies an overpayment and suspects additional related overpayments, the provider will have up to 180 days from discovery of the initial overpayment to conduct a good-faith investigation. This period may be extended further under certain conditions, such as making voluntary submissions to CMS. However, if the provider decides not to investigate further, the overpayment must be reported and returned within 60 days of the initial discovery.

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On July 10, 2024, the Centers for Medicare & Medicaid Services (CMS) issued the 2025 Medicare Physician Fee Schedule Proposed Rule which, among other things, proposes amendments to deadlines for reporting and returning Medicare Part A and Part B overpayments.

Specifically, CMS is proposing more lenient deadlines for reporting and returning overpayments, giving providers more time to investigate and calculate overpayments. The Proposed Rule, if adopted, would suspend the 60-day period for reporting an overpayment if an overpayment is identified but a good-faith investigation to uncover related overpayments has not been completed. This pause would last until the earlier of either (i) the completion of the investigation and calculation of related overpayments or (ii) 180 days from the initial identification of the overpayment. The pause would also apply if a provider makes a submission to the Office of the Inspector General (OIG) Self-Disclosure Protocol, the CMS Voluntary Self-Referral Disclosure Protocol, or requests an extended repayment schedule. Once the suspension ends, the requirement to report and return the overpayment would occur within either (i) 60 days after concluding the investigation and calculating the overpayment or (ii) 180 days from the initial discovery of the overpayment.

CMS provided the following example of how the suspension of the deadline would operate: If a provider identifies an overpayment and suspects additional related claims, the provider would have up to 180 days from discovery of the overpayment to conduct a good-faith investigation. This period could be extended further under certain conditions, such as making voluntary submissions to the OIG or CMS. However, if the provider decides not to investigate further, the overpayment must be reported and returned within 60 days of the initial discovery.

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