



STATE OF MARYLAND

**DHMH**

PT 46-04

Maryland Department of Health and Mental Hygiene  
201 W. Preston Street • Baltimore, Maryland 21201

Robert L. Ehrlich, Jr., Governor – Michael S. Steele, Lt. Governor – Nelson J. Sabatini, Secretary

**MARYLAND MEDICAL ASSISTANCE PROGRAM**  
**General Provider Transmittal No. 60**  
**June 30, 2004**

**TO:** All Providers

**FROM:** Joseph Davis, Executive Director *J. Davis*  
Office of Operations, Eligibility & Pharmacy  
Susan Tucker, Executive Director *Susan J. Tucker*  
Office of Health Services

**RE:** Assessing Providers for the Cost of Recovering Overpayments

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The purpose of this transmittal is to inform you of a new regulation the Department is implementing in response to the Report on the State Operating Budget (SB125) and the State Capital Budget (SB191) and Related Recommendations. Currently, COMAR 10.09.36.07 – Recovery and Reimbursement, states that a provider is responsible for reimbursing the Department for any overpayment. The proposed amendment to the regulation will require providers to be assessed for the cost incurred by the State for recovering overpayments.

**ASSESSING PROVIDERS FOR RECOVERIES AND ASSOCIATED FEES**

The Department is submitting an amendment to the regulation, COMAR 10.09.36.07(C), indicating that providers will be responsible for reimbursing the Department for any costs incurred in seeking the recovery of overpayments which have not been voluntarily repaid. To avoid the payment of the recovery fees, providers must find the overpayment before the audit and voluntarily reimburse the State. The regulation will become effective on July 1, 2004, for audits commencing on that date, and thereafter.

In an effort to identify and recover overpayments, the Department has secured three (3) contractors, Integrated Healthcare Auditing Services (IHAS), Health Management Systems, Inc. (HMS) and CDR Associates (CDR), to act on its behalf. The contractors charge the Department various fees based upon the type of audit that is conducted. The contractors' fee schedules are as follows:



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**IHAS Fee Schedule**

Hospital Bill Audit – a maximum of 24% (graduated fee schedule based on the amount recovered)

**HMS Fee Schedule**

Insurance – 7.9%

**CDR Fee Schedule**

Hospital Credit Balance Audit – 8.4%

Mental Health Audit – 8.4%

Nursing Home Provider Audit – 12%

The contractors conduct audits on either a monthly or quarterly basis. The frequency of your review is not scheduled to change at this time.

When the contractor's audit is concluded, you will either receive a report acknowledging the amount of the overpayment and the associated recovery fee or you will be notified on the remittance advice that both amounts were retracted from your Medicaid payment.

Overpayments found as a result of provider self-audits are NOT subject to recovery costs and should be submitted to the Department as part of the current adjustment process.

Questions regarding this transmittal should be directed to the following individuals:

- Providers audited by IHAS should contact Stephanie Oliver at 410-767-1722.
- Providers audited by HMS or CDR should contact Marlene Bush at 410-767-7841.