



North Carolina Challenge to HCFA Overpayment Recoupment Effort

Topics Covered: Payment Issues (for Physicians), Medicare

Outcome: Very Favorable

Issue

The issue in this administrative proceeding was whether a Medicare fiscal intermediary could recover alleged overpayments it had made to physicians for prescription medications, when the physicians were without fault and the fiscal intermediary had implemented ambiguous and inconsistent payment policies.

AMA Interest

The AMA opposes unfair and untimely efforts by payers to recover money paid to physicians for their services, particularly if the physicians continued to render services or incur expenses under the good faith belief that the money they were being paid was the amount they were entitled to receive.

Case Summary

The Litigation Center, the North Carolina Medical Society, and the American Urological Association successfully challenged an effort by the Health Care Financing Administration, through its intermediary, CIGNA Insurance Company, to recover Medicare overpayments from approximately 100 North Carolina physicians. The overpayments stemmed from CIGNA's failure to implement a change in payment methodology for certain drugs. The Medicare hearing officer found the physicians "without fault" and thus not subject to approximately one million dollars in recoupment.

The Litigation Center contributed toward the physicians' legal expenses.