



What's new in Version 8020 X12 Implementation Guides

Forward Recovery & Overpayment Recovery in the 835 transaction set

While all health plans strive for accurate adjudication of the first pass, occasionally adjudication changes are needed (for example, due to payer review, appeal process, provider adjusted claim, etc.) that result in changes to either the amount paid or the allocation of further responsibility for unpaid balances. When these actions result in a reduction of the claim payment amount, that difference must be recouped from the provider. The most efficient way to report the recoupment of the funds is by using the 008020X322 Health Care Claim Payment/Advice (835), hereafter referred to as the '835 IG'. If there are not sufficient funds in the current 835, the forward balance proves may also be needed to recoup additional funds at a future time. The 835 transaction set now includes updated processes for handling overpayment recoveries and forward balances.

What's New

Section 1.10.2.8 Reversals and Corrections provides an explanation of CLP02 and the addition of Remittance Advice Remark Codes (RARCs) to provide a reason for the reversal. This section also covers the reporting of the reversal and corrected claim in the same transaction. All original charge, payment, adjustment, and other informational amounts are negated. There are a series of Alert RARC's that help identify the reason for the adjusted claim. For example, *Alert: This reversal is due to a retroactive rate change* and *Alert: This reversal is due to a resubmission/change to the claim by the provider*.

Section 1.10.2.12 Balance / Forward Recovery Process provides information on how to report an adjusted claim that results in a different paid amount and guidance on how best to report that balance in the 835 transaction set that can't be taken from the current total payment amount.

A new PLB Adjustment code was added: FR – Forward Recovery

Each iteration of the PLB Reference Identifier includes the CLP01 Provider Assigned Claim ID and CLP07 Payer Claim Control Number to facilitate provider tracking of the claim associated with the forward balance amount.

Section 1.10.2.17 Claim Overpayment Recovery provides information on how to report the recovery of overpayments.

- If an overpayment can be recovered immediately from the total payment amount, then use the regular reversal and correction process. This is the preferred process for taking the money immediately.
- If the adjustment amount cannot be recovered immediately from the total payment amount or for a specified period of time due to contract/regulation restrictions then report the amount with an adjustment code WO and the Reference ID using the CLP01 and CLP07 of the associated claim. An additional adjustment code of WO is needed to offset the original WO.
- Note: The sign on the money amount indicates if the amount is being taken from the total payment or added to it.



How can this benefit you?

- Simplified process and reporting for overpayment recovery – single process instead of the current multiple options
- Expanded usage of the Reference ID is expected to promote faster reconciliation within the provider's Accounts Receivable (AR) system and avoid unnecessary manual processes
- Updated Reference ID allows for more visibility into the reason for the adjustment and consistency for reporting that reason
- New PLB adjustment reason code was added to be used specifically for 'claim related forward balance processing'
- No balance reporting of unused Forward Recovery amount is needed in subsequent payments
- Improved payer to provider automated communication
- Reduce phone calls
- Incentivize 835 transaction set adoption

How can this impact you?

Payer and Business Associates business processes

- Update system to store all forward balances and manage the reduction as each 835 recoups a dollar amount associated to a specific claim
- Update system to report the specific adjustment codes associated to forward recovery (FR) and overpayment recovery (WO) along with the Reference Identifier reporting specific claim IDs
- Update system to use a single process instead of the current multiple options
- Internal education e.g., EDI and help desk
- External education to providers via companion guides or bulletins

Practice Management System (PMS)

- Update remit viewer tool to report all codes, descriptions and the claim specific identifiers
- Update automated processes based on the adjustment code and reference identifier for reporting of specific claim IDs
- Internal education e.g., client facing staff
- External education to customers

Provider Business Processes

- Work with PMS to update software for new and updated overpayment recovery processes
- Update automated processes based on the adjustment code and for specific claim IDs
- Review and update reports as needed
- Internal education

Clearinghouse

- Update remit viewer tool to report all codes, descriptions and the reference identifiers
- Internal education e.g., EDI and help desk
- External education to customers

Refer to X12's 008020X322 Health Care Claim Payment/Advice 835 for additional information on Overpayment Recovery and Forward Balances, including the sections referenced above. Refer to WEDI fact sheet containing all updates in the 835 affecting the pharmacy industry.