



# Medicare Immediate Recoupment

Written By: Kirsten Wallace & Andrew Alder  
*Parsons Behle & Latimer*

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# What is Immediate Recoupment?

Immediate Recoupment is a voluntary repayment option.



In the context of the Medicare claims system, “Immediate Recoupment” is a process which allows Medicare to automatically recoup money from a provider when Medicare has determined that a claim or claims were improperly paid and there has been an “overpayment.” This recoupment occurs by withholding payment from future claim payments rather than waiting for the provider to mail back a check or go through the standard repayment process. While this can speed up resolution and prevent interest on overpayments from accruing, it can also result in a sudden and unexpected interruption to a provider’s cash flow. In our experience, many providers do not understand the ramifications of Immediate Recoupment, and they often do not even realize they (or their billing staff) have elected Immediate Recoupment.



## There are two ways a provider can elect Immediate Recoupment:

A **one-time repayment** request for all current overpayment(s) and all future overpayments.

- This is a one-time election to have all current and future overpayments recouped automatically based upon funds available from the provider.
- If a provider has chosen this option, Medicare will still issue “demand letters.” The “demand letter” is a formal letter from Medicare communicating to the provider the total amount owed and instructions for repayment as well as the provider’s appeal rights. If the provider has previously requested “Immediate Recoupment,” Medicare will begin recouping the overpayment amount on Day 16 following the date of any demand letter, provided there are current processed and paid claims available to cover the overpayment amount indicated on the demand letter.
- If there are not enough current processed and paid claims available to cover the overpayment, the remaining overpayment balance will continue to accrue interest until the balance is paid in full.

## A Single Repayment Request

A **single repayment** request for current overpayment(s) addressed in a referenced demand letter.

- This option is available for the first 39 days from the date of the demand letter. The Medicare Administrative Contractor (MAC) will begin overpayment recoupment on Day 41 following the date of the demand letter.
- Every claim number included in the specific demand letter will be offset via the Immediate Recoupment process, provided there are current processed and paid claims available to cover the overpayment amount indicated on the demand letter.



## How Providers sign up for Immediate Recoupment

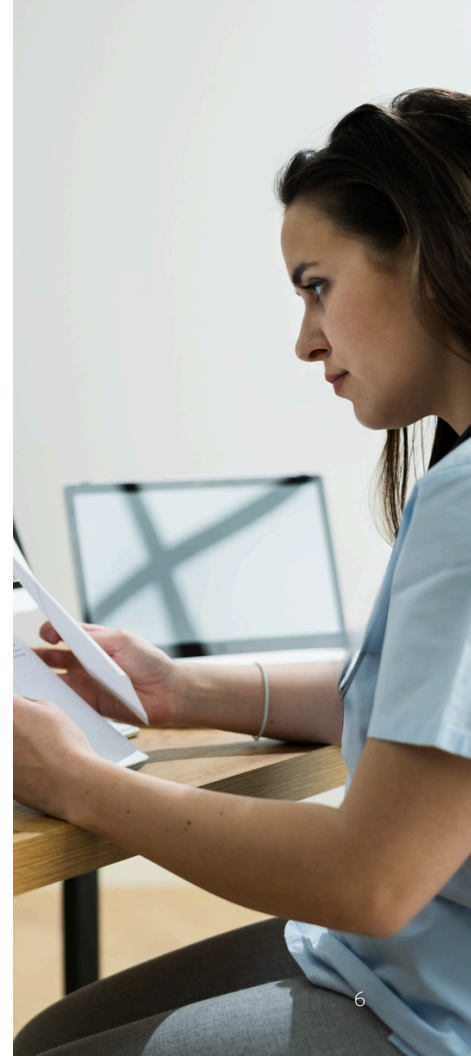
Providers can elect Immediate Recoupment via an “Immediate Recoupment Form” to make a one-time election to have their account set to immediately offset debt from a current Medicare payment.



## What are the implications of signing up for Immediate Recoupment

If the provider has elected Immediate Recoupment via a one-time request, it is unnecessary to submit an Immediate Recoupment form for each overpayment demand letter.

- Immediate Recoupment will simply begin on Day 16 following the date of any demand letter, unless the election is rescinded.
- Interest begins to accrue on any outstanding amounts on Day 31.
- An appeal of the overpayment demand will not cease recoupment.
- The provider must proactively contact the MAC to remove the Immediate Recoupment flag on the provider's account to stop future recoupments on currently pending and future overpayments.
- Rescission of the election will not result in a return of any payments already recouped by Medicare while an appeal of the decision is pending.



## **How to request to no longer be on Immediate Recoupment**

If a provider wants to know if they are currently set up for Immediate Recoupment, they must contact their Medicare Contractor. The MAC should be able to determine if the provider is currently set up for Immediate Recoupment.

A provider can request to terminate a previously established Immediate Recoupment request made on all current and future overpayments. This is a one-time request to discontinue recoupment of all current and future overpayments and will discontinue the automatic recoupment of all claims included for all demand letters from that point forward.





## Recommendation

A one-time election for Immediate Recoupment is not recommended because it significantly limits a provider's ability to control the timing of repayment and recoupment during the Medicare overpayment appeals process. This can be especially disruptive to a provider when Medicare issues a large overpayment demand and cash flow is cut off for an extended period due to the Immediate Recoupment process. Rescinding the election once recoupment has begun only prevents future recoupments - it does not result in a return of amounts already recouped. If an appeal is later successful, the provider will ultimately receive a return of any amounts improperly recouped, including any interest.

# About the Authors



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LATIMER**

Prior to joining Parsons Behle & Latimer, **Kirsten Wallace** served the District of Idaho for over 22 years as the career law clerk for three district of Idaho federal judges - United States Magistrate Judge Candy W. Dale (2008 - 2025); United States Magistrate Judge Mikel H. Williams (2007 - 2008); and United States Bankruptcy Judge Jim D. Pappas (2002 - 2006). She has drafted hundreds, if not thousands, of memorandum decisions for the judges' review and signature and has clerked complex jury and bench trials.

Upon the retirement of the Honorable Candy W. Dale, Kirsten chose to pivot to private practice and specialize in fields where she feels she can best serve clients in a meaningful and impactful way.

**Andrew Alder** focuses his practice in healthcare law, representing medical providers in medical malpractice lawsuits, federal and state audits and investigations and licensure board disciplinary matters. He advises medical providers and entities on issues regarding HIPAA compliance, employment contracts, joint enterprise arrangements, and the Anti-Kickback Statute and Stark Law. He also has extensive civil litigation experience in a variety of other areas, including employment, products liability, local government and municipality law, commercial litigation, personal injury, Section 1983 civil rights actions and insurance litigation.

During law school, Mr. Alder served as the Production Editor of the George Mason Law Review and was selected as a Writing Fellow to teach the legal research and writing course to a section of first-year students. After law school, he served as a judicial law clerk to the Honorable Judges of the 17th Judicial Circuit of Virginia in Arlington, Virginia.

