

Employee Benefits Division Policy Memorandum

Number: Policy Memo 5r2

Date Issued: November 14, 2017

Subject: Recovery of Incorrectly Paid Medicare Reimbursements

PURPOSE:

Clarify the methods of how the Employee Benefits Division (EBD) recovers Medicare Part B reimbursements from individuals when EBD has paid such reimbursements incorrectly.

BACKGROUND:

Due to failure to notify EBD, an individual may continue to receive Medicare reimbursement payments even though he or she is ineligible to receive them. Some examples include enrollees receiving Medicare reimbursements on behalf of their divorced or deceased spouses. When EBD becomes aware of the incorrectly paid reimbursements, the enrollee may owe a substantial amount for the reimbursements he or she received in error.

POLICY:

If the enrollee pays his or her premium by pension deduction, EBD will send a billing letter offering the retiree the option to pay back the money they incorrectly received in a lump sum or by paying monthly payments with a maximum repayment period of twelve months. If the enrollee chooses to pay back the amount owed through monthly increments, the amount owed will be deducted from his or her monthly pension checks. When enrollees make such payments, they will pay their current premium along with the incremental payments for the amount they owe.

Pension deductions for repayment to EBD will be paid in increments of the maximum allowable pension deduction amount per month (set by EBD). For example, the current maximum allowable pension deduction amount is \$750. If an enrollee owes EBD for retroactive Medicare reimbursements, the monthly amount he or she will pay will be the current premium due plus retroactive Medicare reimbursement payments that add up to a maximum deduction of \$750.

If the enrollee does not pay his or her premium by pension deduction, he or she will be billed directly for the full cost of the amount owed.

In cases of hardship, enrollees may repay the amount owed in lesser monthly increments, typically equal to the cost of the enrollee's Medicare Part B reimbursement. This amount will be paid along with the enrollee's current premiums. This repayment method shall be approved by a supervisor on a case by case basis.

Publications will continue to stress the importance of notifying EBD of coverage changes.