

# Credit Identification and Refund Request Process

**Version 1.1 | Last Updated: March 14, 2025 | Process Owner: Revenue Cycle and Finance Department**

## Introduction

This document outlines the standard process for identifying credit balances on patient accounts and the proper procedures for processing refunds. Accurate handling of credit balances is essential for regulatory compliance and customer satisfaction.

## Credit Balance Identification Process

When a credit balance is identified on the Accounts Receivable (AR):

- 1. Review the Account**
  - Review the account to determine if the credit is due to:
    - Patient overpayment
    - Insurance overpayment
    - Erroneous adjustment
- 2. Verify Insurance Information**
  - Check the insurance screen to see which insurance(s) have paid and what was left to patient responsibility.
- 3. Check Account Details**
  - Check the account detail to determine:
    - Patient payment history
    - Adjustment history
- 4. Determine Appropriate Action**
  - Based on the source of the credit, determine the appropriate resolution:
    - Adjustment reversal
    - Credit transfer to another account
    - Refund processing

## Credit Resolution Workflow

### Credit Due to Adjustment

If an adjustment is identified as causing the credit:

1. Reverse the adjustment amount to zero out the account
2. Document the reason for reversal in account notes
3. Refer to "Steps to Add/Reverse an Adjustment" document (p.1) for detailed instructions

## **Credit Balance Transfer Process**

If a patient payment is determined to have caused the credit:

1. Review patient and guarantor profiles for other account balances
2. If other balances exist:
  - Navigate to the Patient Charging screen
  - Enter source account number (account with credit)
  - Use adjustment code 99003
  - Enter transfer amount as a positive number
  - In the description field note "to:1000xxxx"
  - Press green plus
  - Enter target account number (account with balance)
  - Use adjustment code 99003
  - Enter transfer amount as a negative number
  - In the description field note "frm:1000xxxx"
  - Press the green plus
  - Follow instructions from "Steps to add/reverse and adjustment" document to post the transfer
  - Verify information and submit
  - Document the transfer in both account notes

## **Refund Process**

If an insurance payment is causing the credit balance and:

- The insurance requires a refund check (they will not recoup on future remits), OR
- A patient payment is causing the credit and the patient has no additional accounts to transfer the credit to

Follow these steps:

1. Complete the Refund Request Form (p.7)
  - All fields must be completed
  - Attach required documentation
2. Submit the form to Karen Logan and/or Theresa Hicks for approval
3. Karen or Theresa will review, approve, and submit to AP
4. AP will process the check to the appropriate party
5. Document the refund request in the patient account notes

# Refund Request Form Completion Guide

Fill out the refund request form with the following information:

- **Requested by:** Enter your first and last name so you can be contacted with any questions
- **Date:** Enter the date the refund form is being filled out
- **Account Number:** Enter the account number with the credit balance from which the refund is due
- **Patient Name:** Enter the patient's name on the account
- **Refund Amount:** Enter the amount due to be refunded (Note: This may not always match the credit balance amount on the AR)
- **Method of Original Payment:** Indicate how the payment was originally made
- **Date of Original Payment:** Enter when the original payment was received
- **Original Payment Transaction ID:** Enter reference number if available
- **Reason for Refund:** Provide clear explanation for the refund
- **Pay to:** Enter the name of the person or company the refund is due to
- **Pay to Address:** Enter the complete mailing address where the check needs to be sent

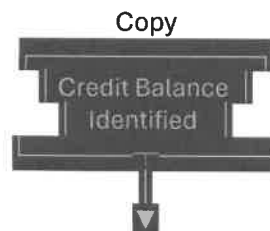
The following fields will be completed by approvers:

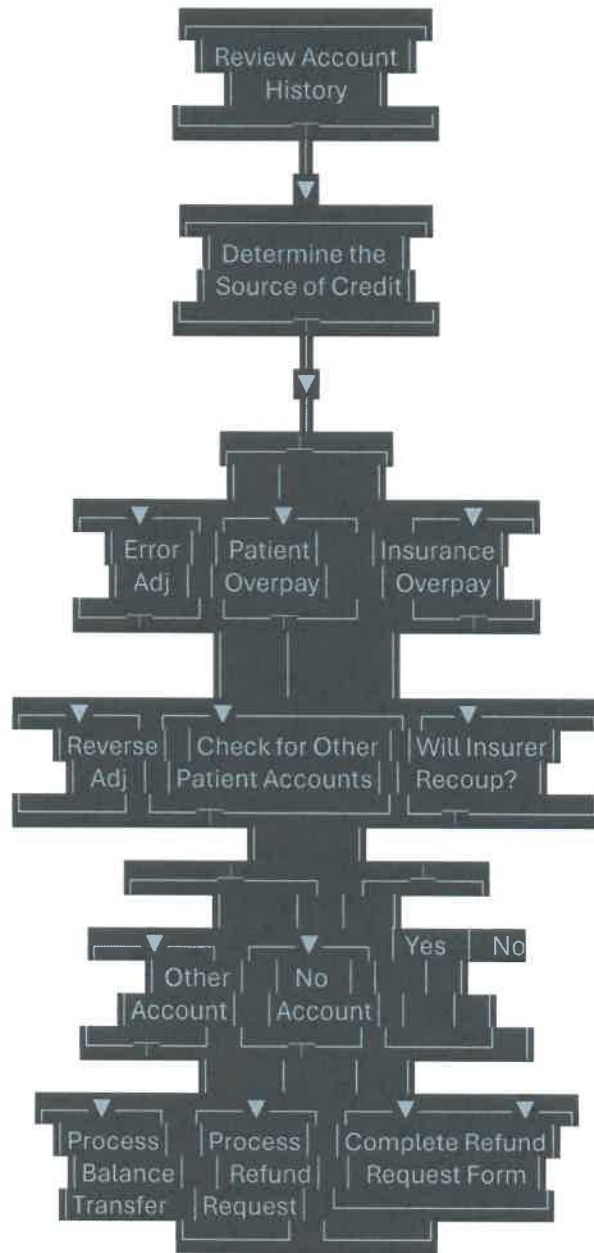
- Approved by
- Approved Date
- Sent to AP date
- Check Number
- Processed by

## Compliance Requirements

- Credit balances resulting from Medicare overpayments must be processed within 60 days of identification
- Documentation of all refund requests must be maintained for a minimum of 7 years
- Credit balances greater than \$500 require supervisor review before processing

## Credit Balance Workflow Diagram





## Contact Information

For questions about this process:

- **Process Owner:** Theresa Hicks, Director of Revenue Cycle
- **Email:** [Theresa.hicks@crhaok.com](mailto:Theresa.hicks@crhaok.com)
- **Phone:** (251) 209-4389

## Glossary of Terms

- **Adjustment:** Modification to a patient account balance
- **AR:** Accounts Receivable
- **Credit Balance:** Negative account balance indicating a possible overpayment
- **EOB:** Explanation of Benefits from insurance
- **LCD:** Local Coverage Determination
- **NCCI:** National Correct Coding Initiative
- **Recoupment:** Process where an insurer takes back an overpayment from future payments