

Overpayment recovery by autoduction

Refunding by autoduction

If Delta Dental makes an overpayment to a participating dentist, and the dentist does not promptly send an explanation and refund back to Delta Dental, the overpayment is generally recovered by automatic deduction (autoduction).

Deducting from new payments

The amount of the overpayment is deducted from checks as they are issued to that dentist until the full amount is recovered. (Prior to July 9, 2008, we did not make an automatic deduction until we could recover the overpayment from a single check.) Adjustment explanation and tracking information is included on the Explanation of Benefits (EOB).

Transferring a previous payment

To better understand autoduction, think of the procedure as moving a previous Delta Dental payment from one patient's account to a different patient's account(s). When an overpayment occurs, Delta Dental is not taking money back; we are transferring the previous payment out of the overpaid account and using those funds to pay for current claims.

When you receive an EOB that includes an autoduction, look up that patient's account to confirm the date and amount of Delta Dental's overpayment. Add the amount of the overpayment recovery back into the patient's account so that the two transactions (overpayment and recovery) total zero. If the total is not zero, check to see if the change affected the patient's copayment. If so, bill or credit the patient for the difference.

Identifying the right process for your office

If you are not familiar with the process used in your office, Delta Dental recommends that you contact your accountant and/or your software vendor for instructions. The autoduction can be recorded as a negative payment or an adjustment, depending on your accounting system. When this step is complete, your bookkeeping records indicate that you received a payment that has not been applied to a specific account.

The EOB lists the claims and amounts that Delta Dental "paid" with the autoduction. Since you did not receive "real" money for the claims, the method of crediting the patient account(s) must balance with the method used for the autoduction. This method depends on your accounting system.

For example:

On a \$192 claim for a covered enrollee (Mr. Q), Delta Dental pays \$187 and Mr. Q pays his copayment of \$5. At a later date, Delta Dental is informed that Mr. Q has coordination of benefits, and Delta Dental is the secondary carrier. The primary carrier paid \$192 (100%). Mr. Q's account now shows a credit of \$192.

To correct the overpayment, Delta Dental sends a batch payment of \$221 with three EOBs to the dentist.

EOB #1:

Deducts the \$187 overpayment for services to Mr. Q. The \$187 is added back into his overpaid account, leaving a \$5 credit. The \$5 credit is refunded to Mr. Q because the primary carrier paid 100% of the claim.

EOB #2:

Shows a claim payment of \$62 for Mrs. Y; however, the \$62 is taken out of the previous overpayment of \$187. The \$62 "payment" must be credited (subtracted from) to Mrs. Y's account. This payment is a transfer of Mr. Q's overpayment and leaves an overpayment balance of \$125.

EOB #3:

Shows a payment of \$346 for services to Ms. M. After applying the \$125 overpayment balance, Delta Dental's check payment is \$221. Ms. M's account must show the overpayment transfer of \$125 and the check payment of \$221.