

Recoupment

For people paid at or below the rates there is no recoupment of funds based on actual expenditures. If a provider receives payments above the rates for any reason other than the correction of a rate error, they will be subject to recoupment for all unexpended funds in excess of the rates. Reasons for being paid above the rates would include, but not limited to, one time authorizations for temporary support needs and payments above the rates based on a transitional plan. Recoupment is handled similarly to one time cost settlement under the current system. The difference is recoupment stops when the level of reimbursement attributable to the established rates is reached. A few examples illustrate the process.

Example 1. Provider receives 120,000. The rates alone would have provided 100,000. The provider has allowable expenses of 110,000. Therefore the provider has a surplus of 10,000. DDS recoups 10,000. *DDS will not recoup more than the providers surplus.*

Example 2. Provider receives 110,000. The rates alone would have provided 100,000. The provider has allowable expenses of 90,000. Therefore the provider has a surplus of 20,000. DDS recoups 10,000. *DDS will only recoup the part of a surplus that is over the rate.*

Example 3. Provider receives 90,000. The rates would have provided 100,000. The provider has allowable expenses of 85,000. Therefore the provider has a surplus of 5,000. DDS recoups 0. *No recoupment because the provider was paid at or below the rate.*

The calculation will be a little more complex because the contract value will not provide the basis as it does now because payments will rarely if ever exactly match the contract in a fee for service system. For each monthly payment the amount that would be paid using the established rates alone will be calculated which will be compared to the actual payments. If the monthly payment is greater than the rates it would potentially be subject to recoupment if the over the full year's monthly payments the amount paid exceeded the rates. Any adjustments that are made in the payments during the next fiscal year that relate to the completed fiscal year will be included. This is consistent with normal accrual accounting. An example of the calculation for a month where a provider was paid over the rates is below.

July Potential Days	Actual Days	Percent Utilization	90% of Potential Days	Amount based on 90% of the potential days
22	18	81.82%	19.8	1,986.34
22	20	90.91%	19.8	2,317.39
22	21	95.45%	19.8	2,482.92
22	21	95.45%	19.8	2,648.45
14	13	92.86%	12.6	1,369.37
102	93	91.18%	91.8	10,804.47
Provider Transition Percentage				106%
Payment including transition factor				11,661.87

Amount potentially subject to recoupment is 11,661.87 minus 10,804.47 equals 857.40

