

# Recoupment Calculation

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Joseph Drexler

# Presentation

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# Recoupment Definition

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- **For people paid at or below the rates there is no recoupment of funds based on actual allowable 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.**

# Recoupment Definition

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Reasons for being paid above the rates would include, but not limited to:

- A high rate provider will a surplus of reimbursement over allowable expenses
- one time authorizations for temporary support needs and payments above the rates based on a transitional plan

# Recoupment Definition

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- 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.

# Recoupment Samples

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## ***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 provider's surplus.*

# Recoupment Samples

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## ***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.*

# Recoupment Samples

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## ***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.*

# Recoupment Calculation

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- The calculation will be a little more complex because the contract value will not provide the basis as it does with the current contract.
- Payments will rarely match the contract in a fee for service system.

# Recoupment Calculation

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- For each monthly payment, the amount that would be paid using the established rates will be calculated and compared to the actual payments.
- If the monthly payment is greater than the rates, it would potentially be subject to recoupment if the full year's reimbursement to the provider exceeds the established rates.
- Any adjustments that are made in the payments for a given fiscal year that relate to a previous fiscal year will be included in the calculation of recoupment for the year in which the reimbursement was owed.

# An example of the calculation for a month

## Recoupment Calculation

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 11,804.47 equals 857.40 