

## 5. Processing Payments and Adjustments

### *Contents*

5.1	Posting Payments and Adjustments .....	5-2
5.2	Posting Payments to Patient Accounts .....	5-2
5.2.1	Posting Payments on Daily Batches.....	5-2
5.2.2	Unidentified Cash .....	5-5
5.3	Posting Medicare/Railroad Retirement Released Payments .....	5-6
5.3.1	Released - No Penalty .....	5-6
5.3.2	Released - with Penalty .....	5-6
5.4	Posting an Adjustment .....	5-6
5.5	Posting an Interest Payment/Adjustment .....	5-9
5.5.1	Step 1: Post the Payment.....	5-9
5.5.2	Step 2: Reverse the Credit Balance.....	5-10
5.6	Posting Payment Recoupments .....	5-10

## 5.1 Posting Payments and Adjustments

The Accounts Receivable (RA) staff will use the Explanation of Benefits or Remittance Advice as their reference document when posting payments or adjustments.

For more information, see the *Indian Health Manual*, Part 5, Chapter 1, “Third Party Accounts Management and Internal Controls,” which is available at this website:

<http://www.ihs.gov/PublicInfo/Publications/IHSMannual/Part5/pt5chpt1/pageone.htm>

## 5.2 Posting Payments to Patient Accounts

### 5.2.1 Posting Payments on Daily Batches

To post payments on daily batches:

1. Log on to RPMS and go to the Accounts Receivable (BAR) application.
  - a. Select **BAR** or A/R Master Menu.
  - b. At the menu option prompt, type **PST** (Posting) and press Enter.
  - c. At the menu option prompt, type **PAY** (Post Payments and Adjustments) and press Enter.
  - d. Enter your electronic **signature code** and press Enter.
  - e. If the **Roll-over as you post?** prompt appears, type **Y** (Yes) and press Enter.
2. Select the batch and batch item you want to post.
  - a. At the prompt, enter the batch *or* type **??** to display a list of batches and select the batch. Then press Enter to display the total amount posted and any remaining balance of the batch selected.

- b. Enter the **Batch Item** you want to post.

Normal selection is in item number order. Item numbers may be selected out of order by entering the specific item number.

The following data is displayed for the selected batch item:

- Total posted amount
- Remaining balance amount

- c. Select Visit Location (your facility) and press Enter.

3. At the prompt enter the A/R Bill/IHS Bill Number and enter the patient's account number.

- a. If no claim number is listed on the EOB, press Enter.
- b. Enter the patient's last name, then first name or social security number, and press Enter.
- c. Enter date of service and press Enter.
- d. Confirm that the patient name, date of service, and dollar amount match the EOB.
- e. At the select Action prompt, type P (Post), M (More), or C (Cancel), and press Enter.
- f. At the Select Command prompt, type **B** (Bill Inquire) and press Enter. The patient chart number, visit type, clinic type, provider, a brief description of the visit and other related information are displayed.
- g. At the Select Command prompt, type **H** (History) and press Enter. All transactions for a particular bill, including current and posted transactions, are displayed.
- h. At the Select Command prompt, type **D** (Patient Demographic) and press Enter. The patient's residence, third party eligibility, date of birth, social security number, and verification of eligibility are displayed.

- 
6. At the prompt, type **P or 1** for posting payments and press Enter.
    - a. Confirm the correct dollar amount to post from the EOB. Enter the payment amount and press Enter.
    - b. If the Current Balance column for the line item for which the payment was posted equals zero (0), type **Q or 3** at the prompt and press Enter.
  7. Identify the reason for the remaining balance based on the EOB. The most common reasons are the deductible and coinsurance.
  8. At the Select Command prompt, type **A or 2** (Adjustment) and press Enter.
    - a. Enter the amount of the adjustment based on the EOB or your calculations and press Enter.
    - b. Type **??** to display the list of Adjustment Categories and press Enter.
 

Adjustments	3
Non Payments	4
Deductible	13
Co-Pay	14
Penalty	15
Groupier Allowance	16
Refund	19
Payment Credit	20
    - c. Select the appropriate Adjustment Category and press Enter.
    - d. Type **??** to display the list of Adjustment Types and press Enter.
    - e. Select the appropriate Adjustment Type and press Enter.
  9. If there is still a balance after all the payments are posted, at the prompt type **B** (Bill Detail) and press Enter.
 

The bill detail will provide information on whether all the charges were considered.
  10. At the Select Command prompt, type **M** (Message), and press Enter.

11. At the prompt, type **1** to create a message, and press Enter.

If there is a previous message, the system displays it and asks if you want to view the existing message. If there were no previous messages, “No Message on File” appears.

- To view the previous message, type **Y** (Yes). After viewing the message, type **Q** (Quit) and press Enter.
- If you do not want to view the previous message, type **N** (No) and press Enter.

12. At the Create a Message? prompt, type **Y** (Yes) to create an editable message.

- a. Enter the message. The message should be very detailed and include the insurance company name, amount in question and the name of the person to which you referred the EOB.
- b. when finished, press Enter or type **4** (Exit).

13. At the prompt, select one of the following options based on whether there are more checks to post to this item number:

- P** Post to A/R (post what has been entered)
- M** More (post more to the claim)
- C** Cancel (cancel current entry)

14. If there are

- more claims to post off that item number, select another claim.
- no other claim(s) to post, press Enter three (3) times.

Continue posting payments until your Batch Total is zero (0).

## 5.2.2 Unidentified Cash

---

**Note:** For unidentified cash or a check received where you are unable to identify the patient, post the money to “Unallocated Cash.” The system will ask “Do you want to POST any of the unposted balance to Unallocated Cash?” Press Enter (Yes).

---

## 5.3 Posting Medicare/Railroad Retirement Released Payments

### 5.3.1 Released - No Penalty

Post these payments, using the instructions in Part 5, Chapter 5, Section 5.1, "Posting Payments and Adjustments."

When finished, attach the Remittance Advice (RA) from the holding file.

### 5.3.2 Released - with Penalty

1. Post the penalty charge under Penalty, using the most appropriate description listed under the Penalty Adjustment types.
2. Post the payments, using the instructions in Part 5, Chapter 5, Section 5.1, "Posting Payments and Adjustments."

## 5.4 Posting an Adjustment

The Explanation of Benefits or Remittance Advice is the reference document for adjusting over-payments or handling a billed-in-error account. Examples include adjusting copays, deductibles, over usual and customary charges, eligibility not received, and over-payment.

The RA staff must post each account sequentially, and notify Finance.

To post an adjustment:

1. Log on to RPMS and go to the Accounts Receivable (BAR) application.
  - a. Select **BAR** or A/R Master Menu.
  - b. At the menu option prompt, type **PST** (Posting) and press Enter.
  - c. At the menu option prompt, type **PAY** (Post Payments and Adjustments) and press Enter.
  - d. Enter your electronic **signature code** and press Enter.
  - e. If the **Roll-over as you post?** prompt appears, type **Y** (Yes) and press Enter.

2. At the prompt, enter the batch *or* type **??** to display a list of batches and select the batch. Then press Enter to display the total amount posted and any remaining balance of the batch selected.
3. Enter the **Batch Item** number for which you want to post an offset payment.

Normal Selection is in Item Number order. Item Numbers may be selected out of order by inputting the Specific Item number

The following data is displayed for the selected batch item:

- Total posted amount
- Remaining balance amount

4. Select Visit Location (your facility) and press Enter.
5. At the prompt enter the A/R Bill/IHS Bill Number and enter the patient's account number.
  - a. If no claim number is listed on the EOB, press Enter.
  - b. Enter the patient's last name, then first name or social security number, and press Enter.
  - c. Enter date of service and press Enter.
  - d. Confirm that the patient name, date of service, and dollar amount match the EOB.
  - e. At the select Action prompt, type P (Post), M (More), or C (Cancel), and press Enter.
  - f. At the Select Command prompt, type **B** (Bill Inquire) and press Enter. The patient chart number, visit type, clinic type, provider, a brief description of the visit and other related information are displayed.
  - g. At the Select Command prompt, type **H** (History) and press Enter. All transactions for a particular bill, including current and posted transactions, are displayed.
  - h. At the Select Command prompt, type **D** (Patient Demographic) and press Enter. The patient's residence, third party eligibility, date of birth, social security number, and verification of eligibility are displayed.

6. At the prompt, type **A or 2** (Adjustment/Close Out) and press Enter.
  - a. Post the balance of the positive sum to the Adjustment Category, Billed in Error.
  - b. Select appropriate adjustment type and press Enter.
  - c. Enter the New Patient Claim Number/Non Batch EOB. Remain in the same batch
  - d. Enter the payment sum to the new claim.
7. At the Select Command prompt, type **P or 1** for posting payments and press Enter.
8. If the claim has a secondary payer, the system asks if you want to roll to secondary. Type **Yes** and press Enter.
9. At the Select Command prompt, type **M** (Message), and press Enter.

The following options appear:

1. Bill Message for bill number and location listed
2. Patient Message for patient name listed
3. Account Message for account insurance company name listed
4. Exit

10. At the prompt, type **1** to create a message, and press Enter.

If there is a previous message, the system displays it and asks if you want to view the existing message. If there were no previous messages, “No Message on File” appears.

- To view the previous message, type **Y** (Yes). After viewing the message, type **Q** (Quit) and press Enter.
- If you do not want to view the previous message, type **N** (No) and press Enter.

11. At the “Create a Message?” prompt, type **Y** (Yes).
  - a. Enter the message in the system. The message should be very detailed to include the insurance company name, amount in question and the name of the person to which you referred the EOB.
  - b. To exit the Message Menu, press Enter or type **4** (Exit).

12. At the prompt, select one of the following options based on whether there are more offset payments to post to this item number:

- P** Post to A/R (post what has been entered)
- M** More (post more to the claim)
- C** Cancel (cancel current entry)

13. If there are

- more claims to post off that item number, select another claim.
- no other claim(s) to post, press Enter three (3) times.

Continue posting adjustments until your Batch Total is zero (0).

## 5.5 Posting an Interest Payment/Adjustment

The following procedure is completed in two steps:

- The first step posts the payment to a pre-identified account, resulting in a credit balance.
- The second step reverses the credit balance transaction.

### 5.5.1 Step 1: Post the Payment

1. Follow the steps in section 5.2.1, “Posting Payments on Daily Batches,” beginning on page 5-2, through and including, step 3-h,

“At the Select Command prompt, type **D** (Patient Demographic) and press Enter.”

to validate patient information, such as name, policy holder ID, date of service, amount billed.

Then continue with the following steps:

2. At the prompt, type **1** to Post Payment.
3. Confirm the correct dollar amount to post from the EOB. Enter the amount and press Enter.

### 5.5.2 Step 2: Reverse the Credit Balance

1. At the Select Command prompt, type **A** or **2** for Adjustment and press Enter.
2. Enter the negative amount of the adjustment based on your calculation or EOB or RA, and press Enter.
3. Type **4** or **NONPAY** (Non-Payments) for Adjustment Category and press Enter.
4. Type **685** or **Interest Amount** for Adjustment Type and press Enter.  
  
The claim is zeroed out.
5. Ensure that all items have been posted from the EOB. Review, and then type **Q** or **3** at the Select Command prompt to quit and press Enter.

## 5.6 Posting Payment Recoupments

Insurers often will not wait for a refund to be issued and will recoup an overpayment or payment error through a payment credit process to correct the overpayment. This can occur when the payer has identified that a duplicate payment was made, as a result of a payer audit, when the payer has identified an overpayment, or payment was made in error.

The insurer will send an EOB or RA with the recoupment for the overpayment or payment error (The recoupment can be taken in lieu of a payment for an unrelated patient account.).

Recoupments are taken at the end of the EOB or RA and can be identified by the adjustment reason noted on the EOB or RA. When recoupments are taken there will not be enough money in the collection batch item to cover the all postable items listed on the EOB or RA.

If the recoupment amount is larger than \$1,000, the Business Office should notify the local Finance Office of this recoupment for reconciliation purposes.

The following steps describe how to post the recoupment from the original EOB or RA and the account(s) affected.

**Note:** It is the responsibility of the facility to have all documentation on file to support the recoupment of payments to the payer, for future reference.

---

### **Step 1 - Original account with credit balance**

Identify the bill with the credit balance. Contact the insurer if unable to identify the bill they have taken the recoupment against. It is recommended that a log be created to track overpayments or payment error by insurer.

A negative adjustment must be posted to the patient account (bill with the credit balance) using the Payment Credit adjustment type and Credit to Another Bill adjustment category. (Note: The negative transaction should zero-out the account.)

Message Entry in RPMS A/R—a new message entry on the patient account must be made in RPMS A/R to document all transactions (adjustment entries.) The message should indicate when contact was made with the payer, who they talked to, phone number, and their initials.

Include this message, "Transferred (dollar amount) to (bill number) as a result of the recoupment."

### **Step 2 - Affected account(s)**

A positive adjustment must be made to the patient account from which the recoupment was taken using the PAYMENT CREDIT adjustment type and CREDIT FROM ANOTHER BILL adjustment category. (Note: The positive transaction should zero-out the account.)

Message Entry in RPMS A/R—a new message entry on the patient account must be made in RPMS A/R to document all transactions (adjustment entries.) The message should indicate when contact was made with the payer, who they talked to, phone number, and their initials. Include this message:

“Transferred (dollar amount) from (bill number) as a result of the recoupment.”

Refunds are covered in detail in the *Indian Health Manual*, Part 5, Chapter 1, “Third Party Accounts Management and Internal Controls,” which is available at this website:

<http://www.ihs.gov/PublicInfo/Publications/IHSManual/Part5/pt5chpt1/pageone.htm>

