



## **To Overpost or leave Undistributed, that is the question**

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Does the following scenario sound familiar? A healthcare system recently went live on Epic and is now finding that they have a significant amount of money left undistributed, which continues to rapidly grow. Undistributed money is a payment, either insurance or self pay, not associated with a charge. Healthcare systems struggle with the challenge of how to handle undistributed money.

Undistributed money can be caused by: interest payments, capitation payments, payments sent into the lockbox but the patient is not identified, miscellaneous payments such as utility payments, or a patient's payment which belongs to the hospital and not the physician. These scenarios should have separate workflows, and specific policies and procedures developed to address how the end user will handle undistributed money.

The first question is: has overposting been turned on? Epic's technical team is responsible for turning on the functionality. Overposting is a setting at the Service Area level that allows users to post payments that are greater than the amount of the charge or debit adjustment. Overposting is only available in Resolute Professional Billing. For example, if an insurance payment is received and the amount of the payment is greater than what is actually due, the entire payment can be posted and linked to the charge, leaving a negative balance or credit associated with the specific charge rather than leaving a portion of the payment undistributed:

Charge = \$100.00  
Insurance payment = \$120.00 (The entire \$120.00 is posted when overposting is enabled)  
Insurance balance = (\$20.00) or a credit of \$20.00 linked to the charge

When overposting is enabled, the insurance and self pay liabilities are maintained individually and separate from each other, which mean that if a self payment was also made in the scenario above, the balances would be as follows:

Charge = \$100.00  
Self payment = \$20.00 (Required office visit co-pay)  
Insurance payment = \$120.00  
Self payment balance = \$0 (Required office visit co-pay satisfied)  
Insurance balance = (\$40.00) or a credit of \$40.00 linked to the charge

In the example above, the charge amount is \$100.00 and the required office visit co-pay is \$20.00, which is paid and posted leaving the remaining amount of the charge at \$80.00. An insurance payment of \$120.00 is received and because overposting is enabled, the entire insurance payment is applied to the remaining \$80.00 insurance balance, leaving a \$40.00 insurance credit. Since the self pay and insurance liabilities are maintained separately, reversing an insurance payment will not affect the self pay liability and vice versa.

The decision to have overposting turned on at the Service Area level seems fairly straight forward and simple. However, if a health care organization has already gone live without having overposting enabled, many things, such as workflows and statements, will need to be thoroughly tested and updated before implementing overposting in a production environment. Also consider if the organization has multiple Service Areas; enabling overposting for each service area or only certain Service Areas is an option. The decision to turn on overposting should not be taken lightly and appropriate communication with the users along with planning and testing will be necessary to achieve successful results. Once overposting is turned on it cannot be turned off.

Depending on what the organization has elected to display on statements, it is likely that modifications will need to be made to how statements are currently set up. If statements currently display insurance and self pay credit balances, will this continue to be the desired format once overposting is enabled, or should insurance credit balances be suppressed? Statements can vary greatly among health care organizations, and the details of what data to allow and suppress should be decided.

Another function that is automatically turned on when overposting is enabled, is negative payment posting. Reversing bad debt write-offs becomes virtually automatic and processing recoupments are simplified, becoming more efficient because negative payment posting is possible. Since the payments are overposted and therefore linked to a specific charge rather than being left undistributed, the time a user would normally spend researching an undistributed payment and matching it to the original charge is eliminated and the margin of error is virtually eliminated.

A recoupment happens when the insurance company overpays or pays twice for the same charge(s) and the same date of service. The insurance company will subtract the overpayment from a future payment.

Electronic remittance payment posting also becomes more efficient and returns fewer errors. If an overpayment is made on an electronic remittance, the entire payment is applied to the charge without error or any portion of the payment being left undistributed. Again, because the overpayment will be linked to a specific charge, researching any credit balances that result from electronic remittance payment posting is greatly simplified.

Even though the change to allow overposting is fairly simple, the effects of turning it on are far reaching. Enabling overposting is a Service Area level setting and is only enabled per client request. Since the setting is at the Service Area level rather than the Facility level, any time a new Service Area is created and the ability to overpost is desired, a request has to be made to Epic to turn on overposting. If the request is not made, the ability to overpost will not be available at go live, however a request can be made to enable it post go-live.

If the ability to overpost is requested post go-live, workflows will need to be modified. Significant changes to some complicated workflows, such as posting recoupments, will need to be made because several steps will no longer be necessary:

Posting a recoupment without overposting enabled:

- Unmatch the original payment
- Post a debit adjustment in the amount of the recoupment
- Redistribute the payment with the amended amounts

Posting a recoupment with overposting enabled:

- Post the negative payment

As earlier discussed, even with overposting enabled, there will still be occasions where a payment may be left undistributed. Previously, it was mentioned that capitation and interest payments may be left undistributed. These types of payments should be posted to a dummy or clearing account with corresponding adjustment

codes. If each payment is logged on a separate clearing account, it is easier to keep track of the monthly payments.

Again, with overposting enabled, users have the ability to post negative payments which means that the workflow for posting a recoupment will no longer require unmatching payments and posting debit adjustments, with overposting the user can simply post a negative payment. In addition to posting recoupments, other workflows will need to be updated: refunds, reversals, electronic remittance and several more.

To find out more about Overposting, Epic Solutions and Revenue Cycle call our corporate office at 610-444-1233 or visit our website at [www.getvitalized.com](http://www.getvitalized.com)