What happens when you Reverse a Charge?

Things are rarely neat and tidy in the world of medical billing. Changes and errors can be minimized, but not eliminated. If a change needs to be made that affects charge totals in a closed financial period, the Reversal process allows for these corrections while protecting the integrity of the financial data. There are two basic error situations: this never happened (Reverse for Deletion), this happened differently (Reverse for Modification). We provide more details below on when each should be used and what happens.

Reverse for Deletion *Example:* We entered a charge twice by mistake back in March (several months ago) and caught it today. March is closed and has been reported, so we can't alter the March numbers. We Reverse for *Deletion* of the duplicate charge. This accomplishes several things:
- Flags the original Encounter as 'Reversed' (header message added)
- Creates a 'Reversal' Encounter in the *current* accounting period, *negative* mirror image of the original
- If payments/adjustments exist on the Encounter, these are 'reversed'. We refer to this as "Undo Posting".
For this example charge from March, Procedure XYZ was billed for 10 units at $1,000. In May we did a Reverse for Deletion, creating an Encounter with Procedure XYZ with -10 Units and a fee of -$1,000. The March numbers were inflated by the amount of the duplicate charge, and May will be reduced by the *same amount*. Reports across the year the numbers wash out.

Reverse for Modification Example: A Charge for $1,000 back in March, but it should have been for $1,500 and we caught it today. In this case we do a Reverse for *Modification*, as we aren't simply deleting it, we are *changing* it. This accomplishes the same things as the Reverse for Deletion example above, plus one more: - Creates a new Encounter in the current accounting period that can be modified
In this example, Procedure XYZ was billed in March for 10 units at $1,000.00. In May we 'Reversed for Modification', creating an Encounter with Procedure XYZ with -10 Units and a fee of -$1,000. AND a new Encounter that we can modify to be the corrected amount of $1,500.
The NET effect is an *additional $500 reported in May* (-$1,000 + $1,500). If the Units on the new charge are the same, they will net to zero: -10 Units on the Reversal and 10 Units on the new charge. The original mistake effectively caused March to be under-reported by $500. We will over-report May by $500 due to the correction. When we report across the year the numbers and productivity wash out to be an accurate reflection of the year. There may not be a need to [Undo] the line items on a charge prior to Reversing for modification. Reversing the charge will automatically Undo all transactions posted on the charge. transactions have been posted and there is a chance the insurance could do a take-back, perhaps the charge should NOT be reversed as you will need to re-post the Insurance transactions to the new charge.

Why can't I Reverse a Charge? The Reverse Charge button is grayed out.

If the claim is on it's way to the clearinghouse or payer, it is not *recommended* to Reverse as a remit is expected. We intentionally gray-out the button for you to consider if you should wait for a remit.

If you need to override this precaution:
1. Click [Change Claims Status]
2. Change the Status: ie 'ON HOLD'
3. [Save]
4. Click 'F5' or refresh the screen.

[Reverse Charge] is now active

How to Reverse an Encounter, to Delete or Modify?

If there are payments posted against the Encounter, new Receipt(s) will be created. The new Receipt(s) must be *manually* re-posted. Take *special note* of Insurance posting. We suggest you take a screenshot if you do not have an ERA to reference, otherwise make note of the payment details. If a Patient Payment was incorrectly posted, *delete that Receipt BEFORE reversing the charge.*

From the Encounter Dashboard [Reverse Charge]

1. 'Method' dropdown: **Reverse for Deletion**: Reverses the Encounter by creating an equal but opposite Encounter that is not editable and is reported in the current accounting period. **Reverse for Modification**: Same as Deletion *AND* creates a 'clone' of the original that *is* editable and is in the current accounting period.
2. Add A Note
3. Check all boxes
   a. If this message is present, transactions (payment/adjustments) existing on the original Encounter will be Undone. When the transaction is a **payment**, Escrow is created on a **new** Receipt. Resolve the new Escrow *immediately*, whenever possible. The payments posted are detailed below, you are required to manually re-post these to the new (cloned) encounter or elsewhere. See the next page for details
4. [Save] - this button is gray if you have not checked all the boxes (3)

5. If **Reverse for Modification >** after [Save] you are directed to the *new* (cloned) Encounter > [Modify] to make the necessary changes
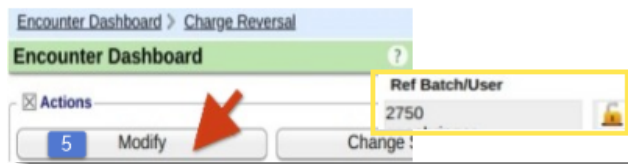
After Reversing an Encounter > Repost Payment transactions:
Take note of the cloned encounter number

1. Click <u>Receipts</u> link from Patient Dashboard to repost Insurance and Patient Receipts - Receipt link from the cloned Encounter only displays Patient receipt
2. Filter Receipts for 'Escrow Only'
3. Click the Receipt link that has the Note: 'Reversal of Receipt No. XX' link and the correct dollar amount
4. [Post] or [Post Expert] on this new Receipt to the cloned encounter
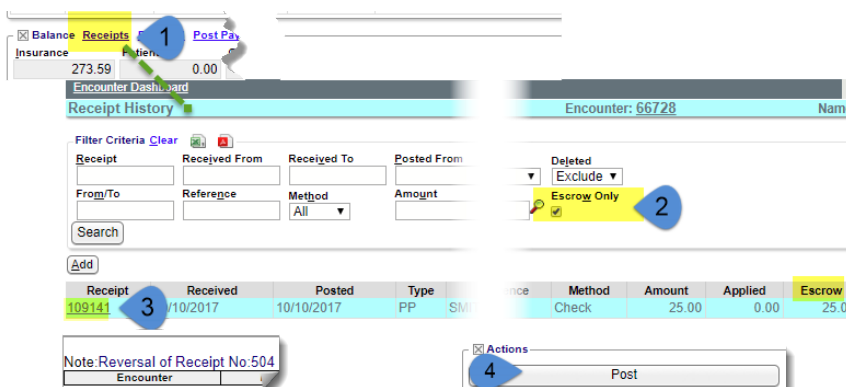
What happens if there is a linked appointment on the reversed or deleted charge?

Revered for modification: The appointment is linked to the new encounter

Reversed for Deletion: The appointment is striped and is eligible to be linked on another encounter

Other considerations around Reversing a Charge

If the claim has *never* been sent to insurance and is *not* in a closed accounting period, you may not need to reverse the charge.

See below instructions for encounters that are not in a closed accounting period. By opening and attaching to the original reference batch you may be able to edit/replace specific entries.

Groups who are not concerned with charge count, amount, and rvu reporting may choose to simply key in a new corrected claim and then write-off the balance for the original Encounter using a custom adjustment code.

How do I edit a charge within the accounting period?

If no transactions are posted against the encounter and the account period is open, then it is possible to open the reference batch and edit the claim. Use this function with caution if there is a possibility that adjudication is in progress.
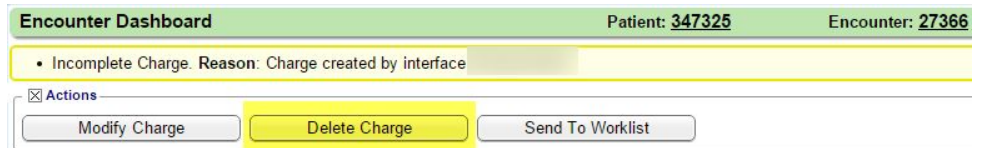
On the Encounter Dashboard find the Ref Batch number > click the Reference Batch hyperlink, filter the batch number > Click to Open > Click to Attach
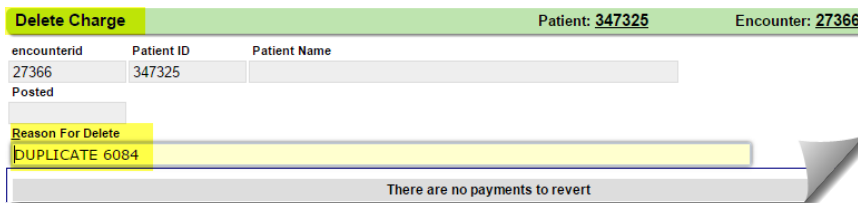
Now you may Modify the Charge.

How do I delete an Incomplete Charge?

Incomplete charges have not been reported as part of our A/R therefore we are able to simply delete these.

Click [Delete Charge] on the Encounter Dashboard

Add a reason note > [Save]

Related Help Documents:

Escrow, Undo Post, Receipt Correction, Corrected Claims