Audits, Audits Everywhere
How Can We Survive?

Kay Jackson
International MUSE 2010
Why New Programs?

- Combat fraud and abuse
- War on fraud: Major shift
- Sanctions and education
- Private sector delivering Medicare and Medicaid services
- Money
- Tracking multiple processes and deadlines
What Will be the Challenges?

Most Important Issues Today and in the Future:

- 88% Regulatory matters
- 76% Strategies to grow revenue
- 75% Understanding and Managing Business Risks
- 77% IT Controls
- 70% Cost reductions
- 81% Clinical Reporting

KPMG Global Health Care Institute 2007 Survey
HHS-Secretary
Federal Regulation & Enforcement

HHS OIG

CMS

Medicaid Integrity Group (MIG)

Medicaid Integrity Program (MIP)

NEW:
PERM Auditors-23 month Cycle-
Identify overpayments-
state MUST collect them
Sets State/Program:
Error Rate

NEW:
MIP Auditors:
HIGH ROI-Project
Based for MIP:
Division

CMS-OFM

Federal Investigators/auditor
s/contractors

NEW:
+$25 Million to incorporate
and audit Medicaid

AG Medicaid
Fraud Control
Units: funded
by OIG
Run by states
Investigate and
audit

State Pay
and Chase
Program (if
separate
from Single
State
Agency):
State
Auditor, Comptroller or IG

Single State
Agency: Program Integrity
Unit

Medicare
Integrity

ZPICS & RACS, QIOs and CPC

State Regulation & Enforcement

Medicaid & Medicare Providers

New Implementation for 2009-2010 for CMS DRA Section 6034, PERM, MIP, MAC, ZPIC, QIO and CPC (Medicare Part C&D) plus state MPI and AG activities in Medicaid.
<table>
<thead>
<tr>
<th>Types of Claims</th>
<th>How Selected</th>
<th>Volume of Claims</th>
<th>Purpose of Review</th>
</tr>
</thead>
<tbody>
<tr>
<td>QIC Inpatient Hospitals</td>
<td>All claims where hospital submits an adjusted claim for a higher-weighted CRG. Expedited Coverage Reviews</td>
<td>Very small</td>
<td>To prevent improper payments through ORG upcoding. To resolve discharge disputes between beneficiary and hospital</td>
</tr>
<tr>
<td>CERT All</td>
<td>Randomly</td>
<td>Small</td>
<td>To measure improper payments</td>
</tr>
<tr>
<td>MAC All</td>
<td>Targeted</td>
<td>Depends on number of claims with improper payments for this provider</td>
<td>To prevent future improper payments</td>
</tr>
<tr>
<td>RAC All</td>
<td>Targeted</td>
<td>Depends on number of claims with improper payments for this provider</td>
<td>To detect and correct past improper payments</td>
</tr>
<tr>
<td>PSC All</td>
<td>Targeted</td>
<td>Depends on number of potential fraudulent claims submitted by provider</td>
<td>To identify potential fraud</td>
</tr>
<tr>
<td>OIG All</td>
<td>Targeted</td>
<td>Depends on number of potential fraudulent claims submitted by provider</td>
<td>To identify fraud</td>
</tr>
</tbody>
</table>

Medicare

- What are the new programs?
- How will it impact your hospital?
- How will it impact your patients?
Recovery Audit Contractors
Medicare

- Overview of Recovery Audit Contractors (RAC)
- What has occurred thus far?
- Future of RAC
- AHA and RAC
Demonstration Period Results

Pie chart showing the percent of total overpayments:
- Medically unnecessary: 40%
- Incorrectly coded: 35%
- No documentation, insufficient documentation: 8%
- Other: 17%
Other Medicare Claim Review Programs

• Managed Care Audits
• ZPICS
• QIC
• CERT
• MAC
• PSC
• OIG
• What is MIP?
  – First audits in 41 years
  – Appear more organized than RAC

• RAC and Medicaid
Medicaid Audits

- Medicaid Integrity Group (MIG)
- Medicaid Integrity Program (MIP)
- High ROI project
- MIP Process
- RAC Medicaid Process
• Audits every 23 months cycle
• States must collect overpayments
• Sets error rate
Impact on Commercial

- Commercial payers mimicking RAC
- Be prepared for increased volume as a byproduct of the government audits
- Some war stories I have heard
How to Prepare

- Review the programs
- How will they impact your hospital?
- What needs to change?
- Team
- Reporting
RAC Review & Collection Process

Automated Review
- New Automated Review Issue Posted to RAC website
- RAC Software Audits Claims
- RAC makes a claim determination

The Collection Process
- Carrier/ FI/MAC issues Remittance Advice (RA) to provider NA32:
  "Adjustment based on a Recovery Audit"
- Day 1 RAC Issues Demand Letter to Provider
  - Appeals Timeline Starts on the Date of Receipt of Demand Letter
  - Date of Receipt = Date of the Demand Letter plus 30 calendar days
- Day 41
  - Carrier/FI/ MAC recoups by offset
  - Recoupment will NOT occur if:
    ✓ provider has paid in full;
    ✓ provider filed appeal by day 30

- RAC Discussion Period begins
Resources

• RAC Info Sites:

  • http://www.racattorneys.com/CM/Custom/Additional-RAC-Information.asp

  • Health Leaders Media – Getty RAC Ready Jan. 2010

  • American Healthcare Audit Professional

  • RAC Monitor

  • “United They Stand” February 2010 For the Record

  • Preparing for RAC workbook-
    http://www.premierinc.com/consulting/RAC_Appendix_Final.pdf
Resources

Recovery Audit Contractor (RAC) Program

**RAC UPDATE:** News on the Medicare Recovery Audit Contractor Program, 03/01/10

A CMS RAC 101 call for all providers took place on April 28, 2010. CMS plans to post slides from the presentation on their website. For dates and times for upcoming calls for home health, hospice, DME and physicians and for slides from the April 28th call, visit: www.cms.gov/rac.

**Announcing two RAC audio conferences brought to you by the AHA Central Office and AHIMA**

- RACs: Walking through the Appeal Process on June 15
- Coding and Documentation Tips for RAC Audits on June 17

To register and for more information, visit www.ahacentraloffice.org.

**AHA Launches RACTrac Survey:** See the RACTrac page to learn how your hospital can participate in this important RAC advocacy initiative.

**Background**

The Tax Relief and Health Care Act of 2006 made permanent the Medicare Recovery Audit Contractor (RAC) program to identify improper Medicare payments - both overpayments and underpayments - in all 50 states. RACs are paid on a contingency fee basis, receiving a percentage of the improper overpayments and underpayments they collect from providers.
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By Organization Name:
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State (Optional):

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Distance from Zip Code:
Within Zip Code

By State:
State:
City (optional):

Available as of April - 2010 : Updated National Quality Improvement Goals Data (October 2008 - September 2009)
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