Third National Medicare RAC Summit

Zone Program Integrity Contractors (ZPICs)

Cristine M. Miller, CMPE, CCP, CHC

Thursday, March 4, 2010

RAC Audit Preparation

Cristine Miller

- Certified Medical Practice Executive (CMPE)
- Certified Coding Professional (CCP)
- Certified in Healthcare Compliance (CHC)
- 24 years experience in healthcare consulting.

Practice emphasis includes:

- Healthcare organizations
- Litigation support
- Due diligence
- Compliance review
- CON expert testimony
- Reimbursement consulting
- Program/product development
- Feasibility studies

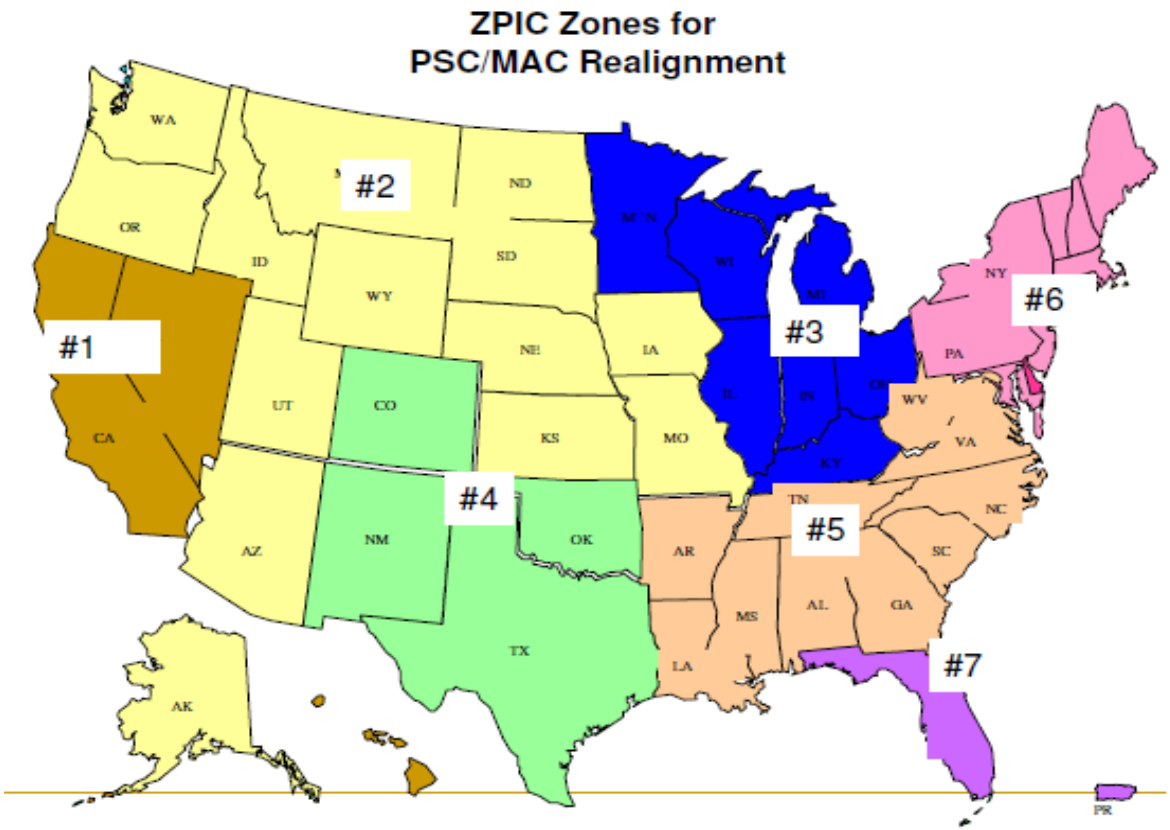
ZPICs – Why

- ZPICs were put in place to replace Program Safety Contractors (PSCs)
- MAC jurisdictions determined the seven zones created for the ZPICs
- Fraud “hot spots” are specifically targeted by these zones

ZPICs – Why

- The strategy integrates Medicare FFS and dual eligible program integrity functions
- The plan is to leverage economies of scale in low fraud areas versus concentrating resources in high fraud areas

Jurisdictions



- Zones 1, 2, 3 and 6 are to be announced
- Zone 4 – Health Integrity LLC
- Zone 5 – AdvanceMed Corporation (currently under protest)
- Zone 7 – SafeGuard Services LLC

Source: Brenda Thew, Division of Benefit Integrity Management Operations, Centers for Medicare & Medicaid Services.

CMS National Objectives

- Increase success of medical review payment safeguard activities
- Be accurate with decision making on medical review of claims
- Have defensible positions when investigations are turned over to the Department of Justice

CMS National Objectives

- Collaborate with other internal and external organizations to maintain:
  - Correct claims payment
  - Address Medicare fraud, waste and abuse

Purpose

- The main purpose for the ZPICs program is fraud detection, deterrence and prevention
- Contractors are responsible for:
  - Investigation
  - Case development
  - Administrative solutions
  - Referral to law enforcement

Purpose

- ZPICs will assume some or all of the program safeguard duties from the Medicare Audit Contractors (MACs) and Fiscal Intermediaries (FIs)

Hot Spots

- The five “hot spot” zones are:
  - California
  - Florida
  - Illinois
  - New York
  - Texas
- Two other zones include 24 states with less fraud exposure

Process

- Will use proven PSC processes, including data mining tools
- Issue a single a IDIQ (Indefinite Delivery/ Indefinite Quantity) contract for each zone

Process

- Each contractor is required to focus on one or all of the following:
  - Pre or post pay medical review of claims
  - Data analysis
  - Benefit integrity and/or fraud detection
  - Cost report audits
  - Provider education

Audits

- ZPIC audits will be based on:
  - Fiscal intermediary data
  - Regional home health intermediary data
  - Carrier data
  - DME regional carrier data

Results from MAC and ZPIC Changes

- Creates a geographic coverage of all providers for a single beneficiary that was not available before
- Providers will not be able to choose their MAC in the future unless they are part of a national chain:
  - As a result of this geographical coverage of claims payment, the ZPIC will be able to take an episode of care form the inception to conclusion regardless of what type of service the patient received

Results from MAC and ZPIC Changes

- In the past- patients may have had multiple FIs processing their claims
- In the future- they will receive MEOBs from the same carrier, which will:
  - Reduce confusion
  - Make the identification of bundled services much easier for the carriers, MACs or ZPICs

Notification Process

- The ZPIC will refer the identified overpayments to the MAC
- The MAC will send a demand letter for recoupment
  - Even in possible fraud cases, initially the MAC will request a recoupment

Notification Process

- ZPICs may extrapolate their samples, if statistically valid:
  - This method assumes a statistically valid sample will create a percentage error rate that will accurately represent the entire population of claims
- The percent is then applied to the entire sample to create an estimated overpayment

Notification Process

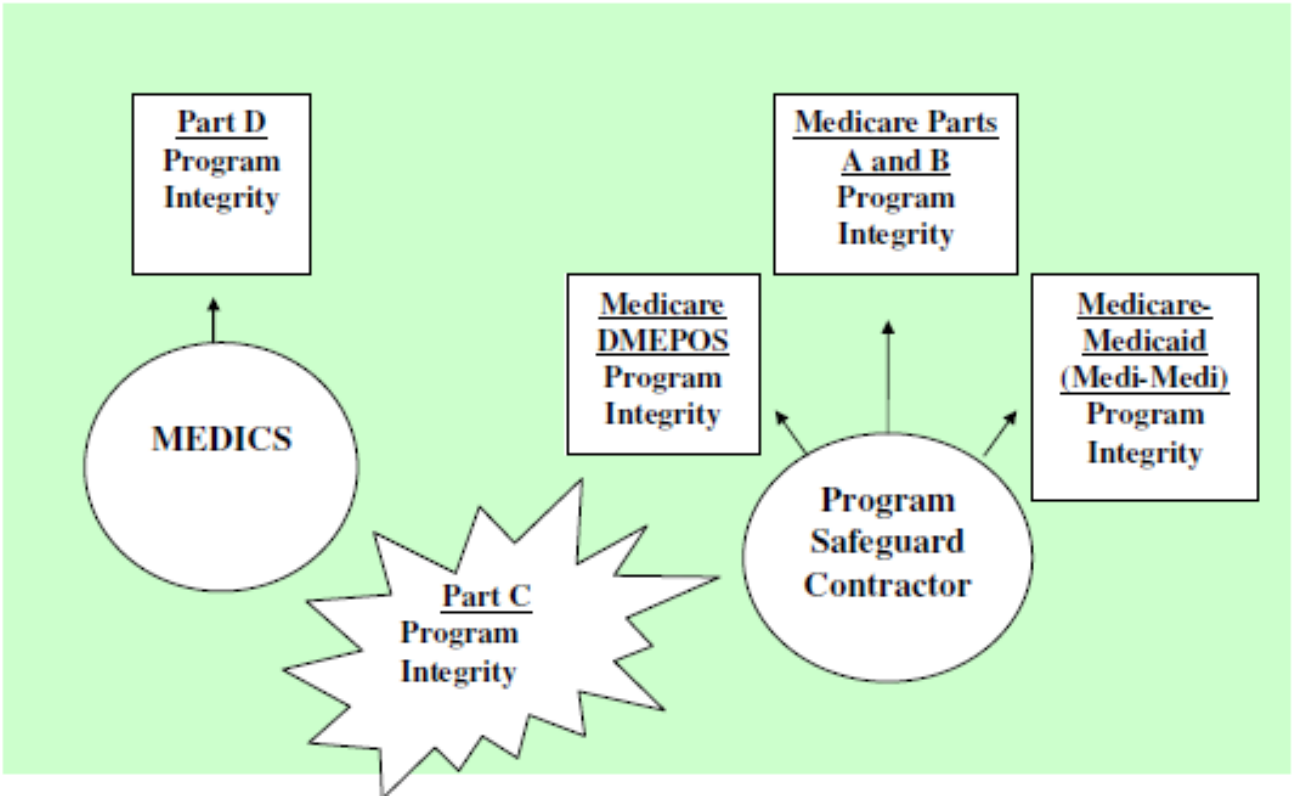
- Providers that request an appeal, have the claim forwarded along with the records to the MAC and the MAC will handle the appeal
- The ZPIC will supply a medical specialist when the decision is not based on clearly articulated policy
- A review of medical judgment should include consultation with medical specialist

Contracting Strategy

- Issue a Single IDIQ contract for each zone
- Issue separate task orders for:
  - Medicare Parts A, B, DME, and HH
  - Medi-Medi
  - Part D (after 2009)
  - Managed Care
  - Cost Report Audit
  - Specialty task orders for Field Office projects
- Each task order/CMS component will have its own Contracting Officer's Technical Representative (COTR)

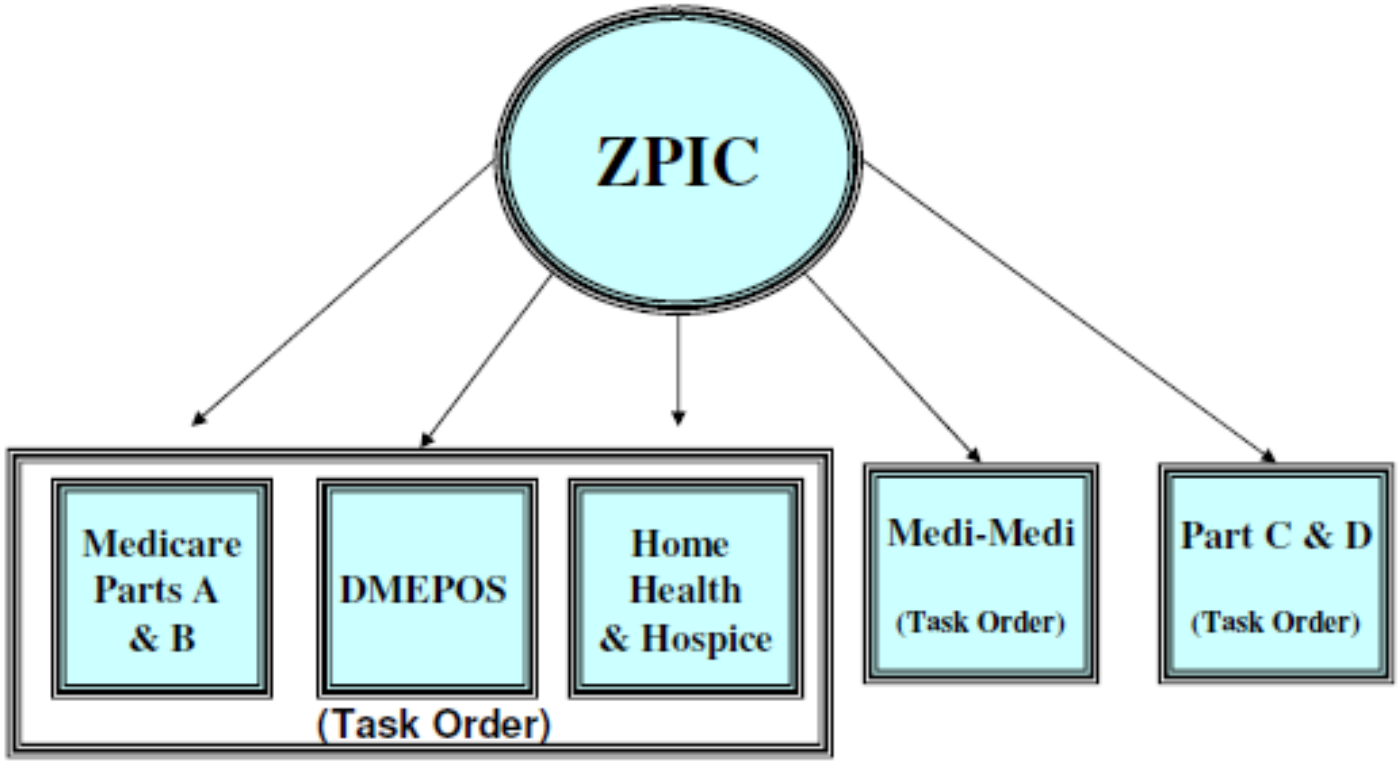
Source: Brenda Thew, Division of Benefit Integrity Management Operations, Centers for Medicare & Medicaid Services.

Current Program Integrity Environment



Source: Brenda Thew, Division of Benefit Integrity Management Operations, Centers for Medicare & Medicaid Services.

ZPIC Future Environment



Source: Brenda Thew, Division of Benefit Integrity Management Operations, Centers for Medicare & Medicaid Services.

Benefits of ZPIC Strategy

- Increased efficiency to look at providers across all benefit categories in a geographic location
- Economies of scale through the consolidation of contractor management, data/IT requirements, facility costs, etc.
- Streamline CMS costs in acquisition, management and oversight
- Better coordination and less resources required for the States
- Increased security of PHI (Personal Health Information)due to few contractors handling the data

Source: Brenda Thew, Division of Benefit Integrity Management Operations, Centers for Medicare & Medicaid Services.

What Do the Changes Mean to Providers?

- Good News:
  - New contractors reviewing documentation, may be more reasonable
  - Contracts not reimbursed on contingency, cost based plus award contract
  - Will review the accuracy of MAC payments, as well as the accuracy of provider billing

What Do the Changes Mean to Providers?

- Bad News:
  - More audits, more audits, more audits
  - Geographically assigned
  - Will also have access to information for an episode of care:
    - Same scenario could occur here as with the MACs

Questions

Thank You!

Cristine M. Miller CMPE, CCP, CHC

cris.miller@mcmcpa.com

502.882.4341