Third National Medicare RAC Summit

RAC and the Alphabet Soup
of Program Integrity

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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

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The Alphabet Soup of Medicare/Medicaid Changes

- Medicaid Integrity Program (MIP)

- Medicare Administrative Contractors (MAC)

- Zone Program Integrity Contracts (ZPIC)

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Medicaid Integrity Program - Purpose

- Central to program management and ensuring a program's effectiveness and efficiency:
  - Ensures public confidence that a program is serving its target population effectively
  - Fulfills the purpose for which the program was created
  - Maximizes taxpayers return on investment in the program with minimal waste

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Medicaid Integrity Program - Goals

- Helps achieve key program goals:
  - Health and long-term care services are provided to beneficiaries as effectively and efficiently as possible
  - Quality healthcare to low-income people is not put at risk through violations of the rules or abuses of the system

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Medicaid Integrity Program - Goals

- Helps achieve key program goals (cont'):
  - State and federal tax dollars are not put at risk through violations of the rules or abuses of the system
  - Ensure that appropriate amounts are being paid to legitimate providers for appropriate and reasonable services provided to eligible beneficiaries

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Medicaid Integrity Program - Issues

- There will be issues, because:
  - Medicare is entirely funded by the federal government
  - Medicaid program creates a partnership between the federal government and state governments, rules and regulations differ

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Medicaid Integrity Program - Issues

- Prevention of violations of program rules, avoiding overutilization and avoiding inappropriate costs is as important as addressing cases of fraud and abuse

- Goals of preventing errors, waste and/or fraud may conflict with improving quality and accessibility or the assurance that eligible people have been enrolled

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Medicaid Integrity Program - Issues

CMS is implementing a payment error rate measurement system (PERM) for Medicaid and SCHIP (State Children's Health Insurance Program)

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Medicaid Integrity Program - Issues

- Problems include:
  - Burden about quantity of work from the states
  - Burden about accuracy of data from the states
  - Different systems
  - Different coverage guidelines
  - Different fee schedules

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Medicaid Integrity Program - Risks

Consumer spending accounts and other health care reform regulations will challenge investigators when they are not chasing "federal dollars"

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Medicaid Integrity Contractors - Types

- Three types of Federal MICs:
    - Review
    - Audit
    - Education

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Medicaid Integrity Contractors - Why

- CMS Contracted <u>Review</u> MICs:
  - Tasked to analyze Medicaid claims data in order to identify:
    - Aberrant claims
    - Potential billing vulnerabilities
    - Provider leads to turn over to Audit MICs

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Medicaid Integrity Contractors - Who

CMS Medicaid Integrity Group - Medicaid Integrity Contractors
Procurement Status for Review & Audit MICs as of December 2009

CMS Regions	Review MIC	Award Date	Audit MIC	Award Date	Current Audit Status by State
Regions I/II CT, MA, ME, NH, NJ, NY, PR, RI, VT & USVI	Thomson Reuters	August 2009	IPRO	July 2009	Audits underway in MA, NJ, & NY. Audits in remaining States to begin no sooner than January 2010.
Regions III/IV AL, DC, DE, FL, GA, KY, MD, MS, NC, PA, SC, TN, VA & WV	Thomson Reuters	April 2008	Original Audit MIC - Booz Allen Hamilton; Recompeted Audit MIC – Health Integrity	April 2008; September 2009	Booz Allen Hamilton completing audits in several states as part of its transition activities. Health Integrity will complete 113 audits already underway while also initiating new audits. Health Integrity will be operational by mid-November. Audits underway in AL, DC, DE, FL, GA, KY, MD, NC, PA, SC & VA. Audits in TN to begin on or around June 2010. Audits in remaining states to begin no sooner than January 2010.
Regions V/VII IA, IL, IN, KS, MI, MN, MO, NE, OH & WI	AdvanceMed	May 2009	Health Integrity	September 2009	Audits underway in IA, KS & NE. Audits in remaining states to begin no sooner than January 2010.
Regions VI/VIII AR, CO, LA, MT, ND, NM, OK, SD, TX, UT & WY	AdvanceMed	September 2008	HMS	September 2008	Audits underway in AR, CO, LA, MT, NM, OK, TX, & WY. Audits in remaining states to begin no sooner than January 2010.
Regions IX/X AK, Am. Samoa, AZ, CA, Guam, HI, ID, No. Marianna Isl, NV, OR & WA	AdvanceMed	September 2009	HMS	May 2009	Audits underway in AK, CA, ID, NV, OR, & WA. Audits in AZ to begin on or around June 2010. Audits in remaining states to begin no sooner than January 2010.

Medicaid Integrity Contractors - Who

CMS Medicaid Integrity Group - Medicaid Integrity Contractors
Procurement Status for Review & Audit MICs as of December 2009

Overview of Task	Education MIC	Award Date
Gap analysis of existing education & training efforts; develop fraud, waste, and abuse education & training materials; educate Medicaid providers about appropriate & accurate billing for services	Strategic Health Solutions LLC	August 2009
Develop educational curriculum via web-based & traditional methods; educate Medicaid providers about Medicaid program integrity & quality of care	Strategic Health Solutions LLC	September 2009

Medicaid Integrity Contractors - Why

- CMS Contracted Audit MICs:
  - Goal is to identify overpayments and decrease payment of inappropriate Medicaid claims
  - Ensure that Medicaid payments are for covered services that were provided, properly billed and documented
  - Perform field and desk audits

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Medicaid Integrity Contractors - Who

- Medicaid providers throughout the country are subject be audited, including managed care providers

- Audited providers are selected based on data analysis by other CMS contractors (RAC, ZPIC, MAC, etc.)

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Medicaid Integrity Contractors - What

- If a notification letter is received, providers will have at least 2 weeks before the start of an audit to make their initial production of documents:
  - State imposed document production requirements will be considered
- Extensions may be granted as long as neither the integrity nor the timeliness of the audit is compromised

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Medicaid Integrity Contractors - What

- Audit MICs will also provide an entrance conference

- Notification letters will identify a primary point of contact at the Audit MIC with a name and phone number

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Medicaid Integrity Contractors - Why

- CMS Contracted Education MICs:
  - Work with the review and audit MICs to educate about a variety of MIP issues
  - Educate healthcare providers, state Medicaid officials and others

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Medicare Administrative Contractors - Regulation

- Required by Section 911 of the MMA (Medicare Modernization Act):
  - Replaces current claims payment contractors – Fiscal Intermediaries
  - 19 MAC contracts through 3 procurement cycles
  - 6 years for CMS to competitively bid and transition all FFS contracts
  - Supposed to be completed in 2011

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Medicare Administrative Contractors - Types

- Three different types:
  - A/B for Physician, Hospital and Outpatient Services
  - HHA and H for Home Health and Hospice
  - DME for Durable Medical Equipment Companies

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Medicare Administrative Contractors

- Difference from FI:
  - Facilities will not be able to nominate or appoint their intermediary
  - MACs will be assigned based on geographic locations
  - Only chains will be permitted to request consolidation of their billing activities within one MAC

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Medicare Administrative Contractors - How

- MACs will be required to develop an integrated and consistent approach to medical coverage across its service area

- Most beneficiaries will have their claims processed by only one contractor

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Medicare Administrative Contractors - Why

- Competition will encourage MACs to deliver better service

- Requiring MACs to focus on financial management may result in more accurate claims payments and greater consistency in payment decisions

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Medicare Administrative Contractors - Why

- The method of establishing MAC jurisdictions will:
  - Balance the allocation of workloads
  - Promote competition
  - Account for integration of claims processing activities
  - Mitigate the risk to the Medicare program during the transition

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Medicare Administrative Contractors - Why

- Results will:
  - Create jurisdictions that balance the number of fee-for-service providers and beneficiaries

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Medicare Administrative Contractors - How

- 19 MACs were and are being chosen through competitive bidding

- Appeals will be decided by ???

- 15 MACs will be A/B

- Four specialty MACs will service durable medical equipment suppliers

- Home Health and Hospice will be consolidated with four A/B Macs

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ZPIC Strategy

- Align PSCs with MACs:
  - Seven zones were created for the ZPICs based on the newly established MAC jurisdictions
  - These zones address fraud "hot spots"
  - Contracting strategy integrates Medicare FFS and Medi-Medi program integrity functions
  - Strategy achieves best value for CMS by leveraging economies of scale and concentrating in high fraud areas

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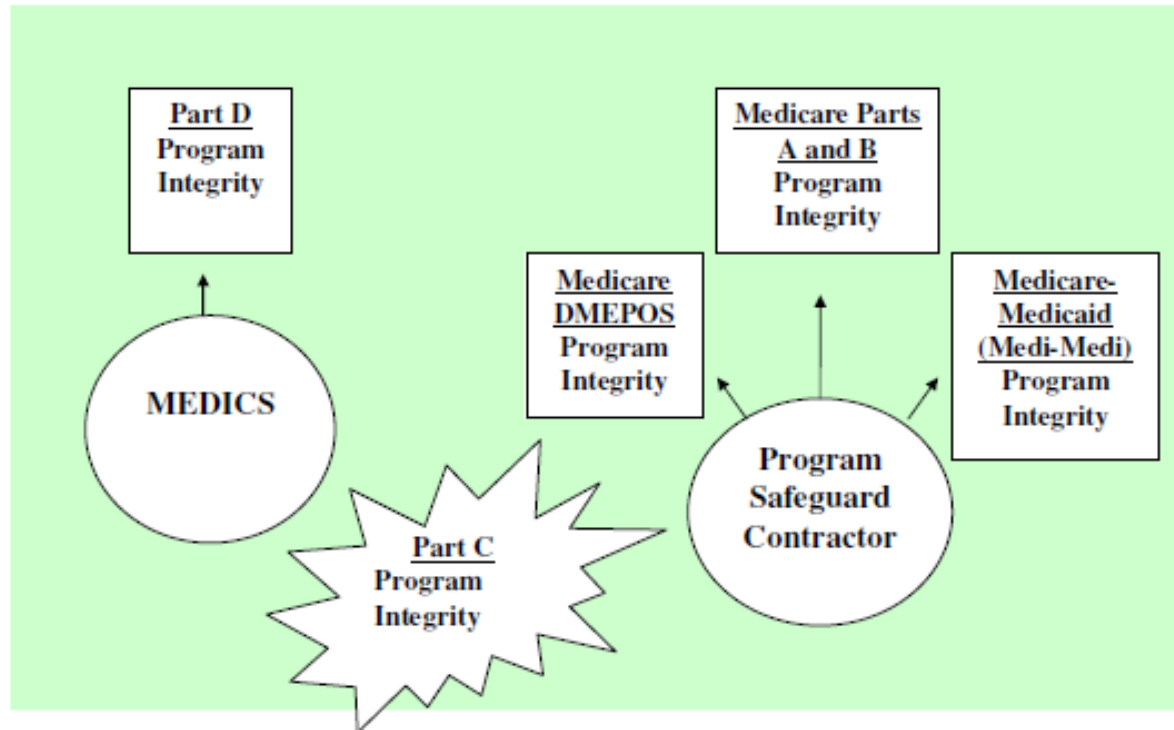
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ZPIC Strategy

- Seven zones based on MAC jurisdictions
- Five "hot spot" zones:
  - California, Florida, Illinois, New York and Texas
  - "Hot spots" align with Program Integrity field offices
- Two other zones:
  - 24 states with relatively less incidence of fraud
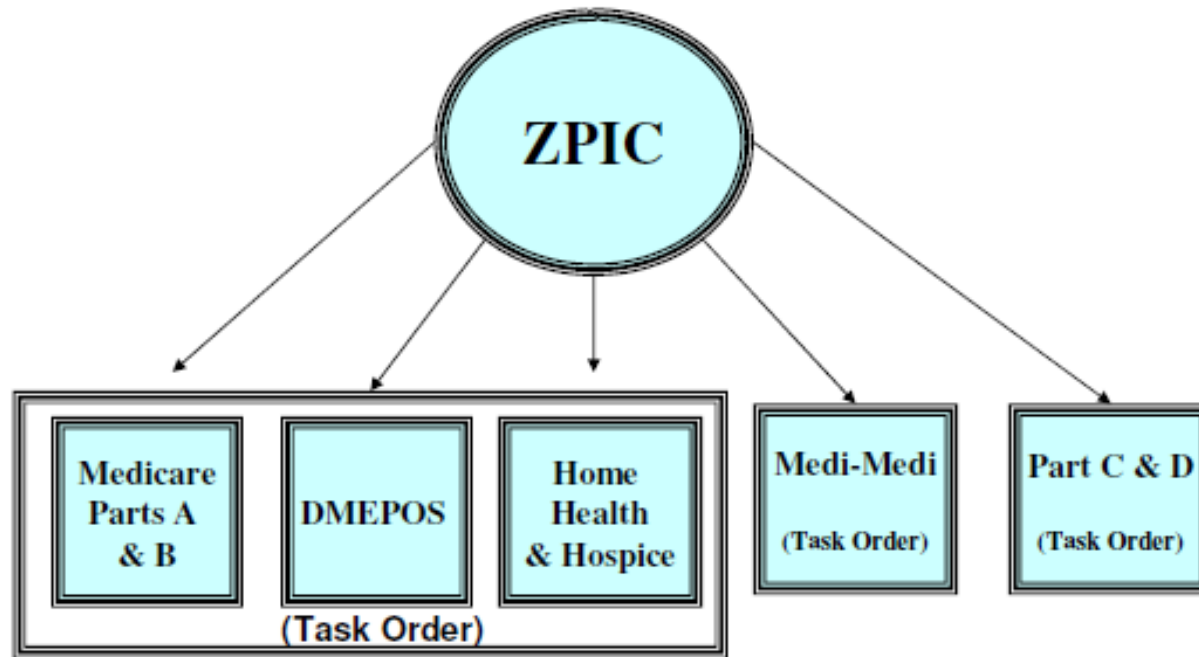 - Continue using proven PSC processes

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

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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.

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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.

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What do these changes mean to providers - MIC

- Bad News:
  - No program developed for Medicaid request to be inputted in the RAC database that will identify which claims have already been pulled (Medi-Medi claims only)

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Questions

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