

Government Budget Deficits Triggering Increased Provider Audits

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In response to growing federal and state budget deficits (and many other reasons), the Office of Inspector General (OIG), the Centers for Medicare & Medicaid Services (CMS) and state governments have increased audit programs to identify improper payments. Improper payments include fraud, waste and abuse. CMS alone estimates it loses \$24 billion annually through improper payments. Healthcare providers face the daunting task of keeping track of this “tangled web” of overlapping audit programs. This article provides an update on some of the current governmental audit programs underway.

Medicare

The Recovery Audit Contractor

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(RAC) program is fully operational in all U.S. regions. Some of the newer improper payment issues identified for audit include:

- **Not a New Patient.** Providers are only allowed to bill for new patient visits if the patient has not received any professional services from the physician or physician group practice within the prior 3 years.
- **NCCI Edits.** These apply to all HCPCS/CPT codes that are above the maximum units of service that a provider would typically report, same date of service, and same provider. Errors are identified when more units are billed than medically likely.

- **Excessive Units-IV Hydration.** Errors are identified when the maximum units billed are more than one per person per date of service.

To see all new high risk issues identified for examination visit:

<https://racinfo.healthdatainsights.com/Public/NewIssues.aspx>

CMS established two other programs to recover improper payments. These programs are called the *Comprehensive Error Rate Testing (CERT) program* and the *Zone Program Integrity Contractors (ZPIC) audits*.

CERT program

The CERT program measures the error rate for claims submitted to Carriers. CERT uses independent contractors called CERT Documentation Contractors (CDCs) who request medical records directly from the provider associated with the claim. However, the CDC may also request medical records from providers not associated with the claim who have submitted claims for the same patient. The idea is to identify potential duplicate payments and other issues.

For more information on the CERT program visit: www.certcdc.com/certproviderportal

ZPIC audits

ZPICs are organizations hired in-

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directly (or in connection with other CMS affiliated contractors) by CMS to perform a wide range of medical review, data analysis and Medicare evidence-based policy auditing activities. While ZPIC audits are similar in many ways to other CMS audits they do differ in one very important aspect - they take into account the potential of provider fraud.

Medicaid

There are two ongoing audit programs associated with the CMS Medicaid program: the *Medicaid Integrity Program (MIP)* and the *Surveillance & Utilization Review Subsystem (SURS) program*.

MIP Program

The Deficit Reduction Act provided CMS the first-ever national state strategy to detect fraud and abuse. The MIP was developed as a joint state and federal program administered by the OIG Medicaid Fraud Division.

The MIP will use Medicaid Integrity Contractors (MIC) to perform audits and develop data mining software and other reporting tools. MICs are external entities who will

perform the following functions:

1. Review provider actions
2. Audit claims
3. Identify overpayments
4. Educate providers, managed care entities, beneficiaries and others

To learn more about the MIP visit:

www.cms.hhs.gov/

Medicaid Integrity Program

SURS program

The SURS is a component of the Medicaid Management Information Systems designed to process information on medical and healthcare services to assist Medicaid program managers in identifying possible fraud and abuse by providers and Medicaid recipients. State SURS staff perform data mining and other research for post-pay utilization review of providers and recipients in order to identify questionable patterns of service delivery and utilization.

The Audit Response Plan

Many of the CMS audit programs rely on independent contractors who are compensated based on

payments recovered. We anticipate these programs will be more aggressive and sustained as they demonstrate success. For example, Washington State has over 30 RAC audits currently in process. In Alaska, a large number of SURS audits are underway.

It is imperative that providers be proactive by developing plans to respond promptly and appropriately when contacted by a RAC, CERT, MIC or SURS auditor. Many regulations and laws carry severe civil penalties and fines. In addition, these types of audits and investigations invite the possibility of negative media coverage as well as the high cost of working with a payer or government agency that is conducting the audit or investigation. Rather than go it alone, *hoping* for a good outcome, consider using a qualified external firm to support your efforts and defend your facility against these audits.

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