

## **New Medicare Audit Issues Identified For Providers in Indiana, Michigan and Minnesota**

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Medicare participating outpatient hospital and physician providers located in Indiana, Michigan and Minnesota may be audited by the Recovery Audit Contractor for Region B on three issue areas identified as potential improper payments categories.

CGI Federal, Inc. (CGI) which is the Recovery Audit Contractor (RAC) for Region B (which covers Minnesota, Wisconsin, Michigan, Ohio, Indiana, Kentucky, and Illinois) has obtained approval from the Centers for Medicare & Medicaid Services (CMS) to audit outpatient hospital and physician providers in Indiana, Michigan, and Minnesota on the following issues: blood transfusions, bronchoscopy, and IV hydration. Provider Medicare billings dated on or after October 1, 2007 are subject to audit review. More information on these issues is available at <http://racb.cgi.com/Issues.aspx?st=1>.

On August 24, 2009, I attended a RAC outreach session sponsored by the Kentucky Association for Healthcare Quality in Murray, Kentucky during which representatives of CMS and CGI outlined the RAC program and responded to questions. Previously, our posts dated July 20, 2009 and July 27, 2009 provided background and information on the RAC program and steps that can be taken to prepare for such audits. These posts are available at:

[http://www.kingballow.com/Publications\\_files/Healthcare/AreYouReadyforRACs.pdf](http://www.kingballow.com/Publications_files/Healthcare/AreYouReadyforRACs.pdf)

[http://www.kingballow.com/Publications\\_files/Healthcare/Connolly%20outreach.pdf](http://www.kingballow.com/Publications_files/Healthcare/Connolly%20outreach.pdf)

Patricia Rosinski of CMS discussed the mission of the RAC program as detecting and correcting past improper Medicare payments. She also stated that recent projections are that the Medicare program will run out of funds by 2017 if spending is not addressed. This statement underscores the importance of Medicare participating providers taking action now to ensure they have effective mechanisms to detect and address improper payments, to ensure their claims are properly submitted, and to prepare for potential audits.

Rob Rolf, CGI's Vice President of Consulting discussed CGI's mission in conducting the RAC audits and provided background on the company which is based in Cleveland, Ohio. He noted that CGI is being compensated in the same way for both underpayments and overpayments. However, this statement does not mean that

providers should anticipate RACs finding significant underpayments for providers. The RACs confine their audits to issues that they submit and receive approval from CMS before an audit is commenced. If the focus of those audit issues is primarily on issues suspected to identify overpayments, underpayments in other issues will not be as likely to be identified. This underscores the importance of providers developing mechanisms now to effectively ensure that their payments are correct, neither over nor underpaid.

Rolf said CGI will conduct automated reviews of provider records first, before beginning complex reviews in December and January. He projected that providers can begin expecting letters on automated reviews by mid September. Rolf said that providers must respond to medical record requests by producing the records within 45 days plus ten days for mailing. It is recommended that providers ensure records are provided well in advance of the 45-day deadline. Records may be submitted by mail, fax, and via CD. He also said that if extenuating circumstances exist, CGI may provide an extension for the deadline to produce records. Rolf asked that providers contact CGI early in the process for such requests. If providers do not timely respond to record requests, their payments may be denied and recouped.

Mary Hoffman, CGI's Director of the Clinical Audit Division said that CGI will focus their efforts in three key areas to assure success in their audits. First, they will focus on transparency through communication. Hoffman encouraged providers to visit the RAC website at <http://racb.cgi.com>, to contact their call center at 877-316-7222, and to email them at [racb@cgi.com](mailto:racb@cgi.com). She promised a 48-hour turnaround reply to emails. Secondly, she said that they will strive to ensure for accurate review of the claims. She promised "no gotcha approach." In addition to a credentialed team, Hoffman said that CGI uses a RAC Validation Contractor to evaluate their work. Third, Hoffman, said that they will strive to minimize the provider burden. She urged providers to take advantage of the discussion period if they dispute an audit demand letter. Providers must be careful in doing so as participation in the discussion period does not extend the deadlines for appealing a reimbursement. If providers anticipate that an appeal may be taken, they should immediately involve counsel.

All Medicare participating providers (not just those in Region B) should be aware of these new issues posted by CGI (as well as those posted for RACs in Regions C and D) and take steps now to ensure they are prepared to respond if audited by the RAC for

their region. All of the issues above which were approved by CMS for CGI to audit of providers in Indiana, Michigan and Minnesota were also previously approved for Connolly Consulting Associates, Inc. and HealthDataInsights, Inc., the RACs for providers in Regions C and D, respectively. Therefore, providers in other states should be alerted to these issues and ensure they are in compliance. In our posts below, we noted new issues that have been recently approved for audit in Regions C and D:

[http://www.kingballow.com/Publications\\_files/Healthcare/New%20Audit%20Issues.pdf](http://www.kingballow.com/Publications_files/Healthcare/New%20Audit%20Issues.pdf)

[http://www.kingballow.com/Publications\\_files/Healthcare/NewAuditIssuesRegionD.pdf](http://www.kingballow.com/Publications_files/Healthcare/NewAuditIssuesRegionD.pdf)

A RAC may not begin audits of providers for complex review issues until those issues have been approved by CMS and posted on the RAC's website. Since the approval of issues by CMS indicates a concern for potential overpayments in a region, similar concerns may exist with respect to other regions. Providers need to prepare now for possible audits.

CMS and RACs have commenced outreach sessions with providers throughout the country. A schedule of upcoming session dates and locations is available at: <http://www.cms.hhs.gov/RAC/Downloads/CMS%20Provider%20Outreach%20Schedule.pdf>

It is to a provider's advantage to establish mechanisms to detect and correct improper payments. Doing so, will prevent recoupment, save time, and ensure that providers are more effective in succeeding with respect to RAC challenges of legitimate payments.

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