Medicare and Medicaid Audits

Ready or Not Here They Come

Presented by:

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Today’s Lecturers:

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OBJECTIVES

• To understand basic concepts regarding Medicare and Medicaid audits

• To have a basic knowledge regarding the different organizations that can conduct a Medicare audit

• To understand how to respond effectively to an audit
MACs

• Medicare Administrative Contractor = MAC

• MACs are private companies, usually subsidiaries of large insurance companies, that have contracted with the CMS to administer the Medicare Program
MACs

• Formerly called “Carriers,” “Regional Carriers,” or “Fiscal Intermediaries”

• For Florida:
  – First Coast Service Options, Inc., Jacksonville, Florida, for most Part B
  – Palmetto GBA (Government Benefits Administrators), LLC, South Carolina, for DME, HHA, Pharmacy, etc., Columbia, SC
MACs

- Process and grant or deny applications
- Process claims and make or deny payments
- Maintain Medicare claims data
- Issue Local Coverage Determinations
- Conduct initial site visits and audits
- Conduct provider education and training
MACs

- Conduct audits
- Terminate Medicare billing privileges
- Conduct initial redeterminations and reconsiderations
- Recoup payments from audits conducted by other companies
- Contract for Qualified Independent Contractor reviews
- Terminate Medicare numbers
- Receive and review Corrective Action Plans and Requests for Reconsideration on Medicare billing privilege terminations
RACs

• Recovery Audit Contractor = RAC
• Often referred to as “Bounty Hunters”
• RACs are private companies contracted by the CMS, used to identify Medicare overpayments and underpayments, and return overpayments to the Medicare Trust Fund
RACs

• The RAC for the region that includes Florida:
  – Connolly’s subcontractor is: *Viant Payment Systems, Inc.*
WHAT RACs LOOK FOR

• Incorrect payments
• Non-covered services
• Incorrectly coded services
• Duplicate services
WHAT RACs LOOK FOR

• Codes that are commonly abused or misused
• Codes identified in OIG’s Annual Work Plan
• Codes that are not routinely billed
• Outlyers - excessive dollar amounts, excessive codes billed, excessive number of high level codes
• Codes billed for same date of service as office visits, other procedures, etc.
HOW TO PREPARE FOR RACs

- Review OIG Work Plan each year
- Review, update and revise internal “superbills” and codes billed
- Implement compliance efforts
HOW TO PREPARE FOR RACs

• Make sure you control what is being billed
• Establish systems to timely respond to RAC record requests
• Monitor claim denials and appeal these claims through the Medicare appeals process
RAC APPEALS

• Documents provided with recovery actions and decisions will detail the appeal process
• Be sure to pay attention to deadlines
• Appeal documents must be received by the deadline given
ZPICs

• Zone Program Integrity Contractor = ZPIC

• When you hear ZPIC think “FRAUD”
ZPICs

- ZPICs are private companies contracted by the CMS, used to conduct audits for Medicare overpayments and detection of and recovery for possibly fraudulent activities.
ZPIC AUDITS ARE INITIATED BY

- Whistleblower or Qui Tam Lawsuits
- Probe Audits
- Other audit agency findings
- Beneficiary/patient complaints
- Hotline complaints
- Complaints from other government programs (such as Medicaid)
ZPIC NOTIFICATION PROCESS

• A ZPIC will routinely fax a letter to the practice shortly before close of business the day before a site visit/audit

• The site visit/audit may be scheduled to occur at a branch office and not at the main office
ZPIC NOTIFICATION PROCESS

• Auditors will request to inspect the premises, will photograph all rooms, equipment, furniture, and diplomas on walls

• They will usually request copies of several patient records to review
ZPIC NOTIFICATION PROCESS

• They will request copies of practice policies and procedures, treatment protocols, staff licenses and certifications, medications prescribed and used

• They will inspect any medication/narcotic lockers and will request drug/medication invoices and inventories
ZPIC NOTIFICATION PROCESS

• You will usually be contacted for follow-up information and documentation after the audit and will eventually be provided a report and, possibly, a demand for repayment of any detected overpayments.
ZPIC APPEAL PROCESS

• If the provider elects to appeal a claim reviewed by a ZPIC, then the ZPIC forwards its records to the CMS affiliated contractor (typically a MAC) to handle the appeal
ZPIC APPEAL PROCESS

• First Level – Redetermination (MAC)

• Second Level – Reconsideration (Qualified Independent Contractor)

• Third Level – Administrative Law Judge Hearing
ZPIC APPEAL PROCESS

• Fourth Level – Medicare Appeals Council

• Fifth Level – U.S. District Court Review

• Bottom Line: ZPIC audits are won or lost with clinical documentation that clearly and concisely incorporates required payment criteria
INCLUDE IN ALL RESPONSES TO AUDITS OR APPEALS

- Beneficiary names
- Medicare Health Insurance Claim number
- Specific service or item for which the redetermination/reconsideration is being requested
INCLUDE IN ALL RESPONSES TO AUDITS OR APPEALS

• Name and signature of the provider
• All available medical records documentation (history, physical, consultation request, lab reports, diagnostic imaging reports, etc.)
INCLUDE IN ALL RESPONSES TO AUDITS OR APPEALS

• A transcription of any illegible handwritten notes
• Any additional notes, explanations, statements, etc., to clarify the services provided, the necessity of the services given, or any missing documentation
PREPARE FOR AN AUDIT BEFORE IT HAPPENS

• Conduct an internal review of primary services you provide and make sure your documentation is in order

• Prepare a checklist for documentation
PREPARE FOR AN AUDIT BEFORE IT HAPPENS

• Make sure your referral sources know the guidelines and conditions for which items they order are covered

• Do not rely on supplier-generated forms to document medical necessity
PREPARE FOR AN AUDIT BEFORE IT HAPPENS

• Make sure all items are clearly listed on the orders prior to dispensing and make sure your delivery documentation is detailed

• Make sure your documentation is legible and ALL signatures are legible
CHECKLIST FOR RESPONDING TO AN AUDIT

• Check your address on the audit letter to ensure it is the correct address of the site visit

• Make telephone contact with the auditors to make sure they are coming to correct location and you know what they will be auditing
CHECKLIST FOR RESPONDING TO AN AUDIT

- Immediately call your health care attorney and have him/her present at the audit and site visit
- If the site visit is set for a branch office, make sure the appropriate administrative personnel and at least other person who sees Medicare patients are in that office
CHECKLIST FOR RESPONDING TO AN AUDIT

• Conduct a self-inspection of your office; call for a house-keeping visit if necessary

• Make sure all displayed licenses, permits, certificates, are current
CHECKLIST FOR RESPONDING TO AN AUDIT

• Make sure all patient health records are properly secured and your medical record handling and storage are compliant with HIPAA standards

• Have a separate room for the auditors to use with chairs and a flat surface
CHECKLIST FOR RESPONDING TO AN AUDIT

• Make sure your office is “photogenic”

• Require proper photographic identification of all audit personnel and obtain a business card
CHECKLIST FOR RESPONDING TO AN AUDIT

• Assign one main staff person as communication point with the auditors (and your attorney)

• Keep a copy of every document you provide to the auditors during the site visit
CHECKLIST FOR RESPONDING TO AN AUDIT

- Be aware of auditors being told to scrutinize any practice prescribing narcotics or pain medications
- If the records needed by the auditors are in a different office, don't kill yourself getting them during the site visit
- Don't guess answers to questions
CHECKLIST FOR RESPONDING TO AN AUDIT

• Expect to be asked for your drug list
• Do ask questions of the auditors, regarding what they are auditing, any “hot issues,” timing of audit, etc.
• Do not voluntarily advise the auditors of your own suspicions of wrongdoing or incorrect billing
CHECKLIST FOR RESPONDING TO AN AUDIT

• Keep good copies and document your transmittal of documents to the auditors.
• If additional time is needed to forward records and documents requested by the auditors, request it by telephone and confirm it in writing.
CHECKLIST FOR RESPONDING TO AN AUDIT

• Have your physicians available to speak with the auditors at least some time during the site visit, if at all possible

• Lend this matter your personal attention; do not delegate it to administrative staff
WHEN PROVIDING RECORDS IN RESPONSE TO AN AUDIT

• All correspondence from Medicare, CMS or the contractor, should be taken seriously

• Read the audit letter carefully and provide all the information requested in it
WHEN PROVIDING RECORDS IN RESPONSE TO AN AUDIT

• When receiving a notice of a Medicare audit, time is of the essence
• Any telephone communication with the auditor should be followed up with a letter
• Send all communications to the auditor by certified mail, return receipt requested so you have proof of delivery
WHEN PROVIDING RECORDS IN RESPONSE TO AN AUDIT

• Properly label each copy of each medical record you provide and page number everything you provide the auditors, by hand, if necessary

• Keep complete, legible copies of all correspondence and every document you provide
MEDICAID

• The same practice tips for responding to Medicare records requests apply those for Medicaid
MEDICAID AUDIT

• In order to make sure your record keeping is adequate look to the Medicaid provider handbooks for claim requirements

• Medicaid audits are typically conducted by the AHCA rather than a private contractor
  – As Medicaid recipients move to managed care plans, private auditors may become more prevalent
MEDICAID AUDIT PROCESS

• Requests for records
• Preliminary audit report
• Final audit report
• Mediation
• Formal administrative hearing
QUESTIONS?
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