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[www.IHAconnect.org](http://www.IHAconnect.org)

## ***Medicare and Medicaid Recovery Auditor Newsletter***

***March 2015***

If there are any RAC concerns that need to be addressed with CGI, HMS, Truven Health Analytics, OMPP or CMS, please contact Dave Wiesman, IHA Vice President, at [dwiesman@IHAconnect.org](mailto:dwiesman@IHAconnect.org) or 317-423-7741.

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### **CGI NEWS**

CGI will be contacting providers that have not responded to ADR letters. CGI requests that providers continue to update their contact information on the provider portals or by calling the Call Center at 877-316-7222. ADR letters have been sent this year on January 9 and February 13.

The March accuracy result from the MS Validation Contractor was 87%. The majority of the results were due to Automated Issue B000342009 – Intravenous Infusion Chemotherapy and Non-chemotherapy. The adjustments were cancelled due to a data issue that has since been corrected.

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### **MEDICAID SURS' AUDITS**

#### ***Update on the injection and infusion audits***

Last fall, FSSA's Surveillance and Utilization Review (SUR) Department sent letters to providers who were reimbursed incorrectly for flat rate revenue code amounts when injection and infusions were billed under the clinic (510), operating room (360) or emergency department (450) revenue codes. The overpayments were due to a Medicaid system error that reimbursed two (2) room rates on the same date of service rather than only one amount. These claims were paid between 1/1/2008 and 3/31/2013. As a result of the audit, it has been identified that infusions and IV therapy should be billed as a "stand-alone" service under the associated revenue code of 260 (IV Therapy-General) and reimbursed according to the flat rate revenue code amount. IHCP has since clarified the reimbursement policy on the administration of infusions in a Banner Page dated February 24, 2015, BR201508.

#### ***New audit – manually priced vs flat rate priced***

Recently, the SURs Department sent letters to providers who received an overpayment related to manual pricing verses the revenue code flat rate amount. These overpayments were also due to a system error and originally paid between 1/1/2008 and 7/31/2010. In this case, the reimbursement for the procedure should have been reimbursed at the revenue code flat rate amount but instead were paid at the “manually priced” amount of 90% of the charge. Providers may request an administrative reconsideration of the findings within 45 days of the receipt of the letter or request to waive the right to appeal and agree to the draft findings. Questions can be directed to the IHCP Provider and Member Concerns Line at 1-800-457-4515 or contact IHA.

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## **CMS NEWS**

In 2014, during the rebidding process for new Recovery Auditor contracts, a protest was filed related to a change of how contingency fees would be paid by CMS. For the new contracts, the RAs would not receive their contingency fee until after the second level of appeal is exhausted. RACs currently receive contingency fees for claims denied on review about 41 days after CMS sends a demand letter to the provider. CMS proposed to pay the fee after the second-level appeals that would delay it to 120 to 420 days after the demand letter. This month, the U.S Court of Appeals for the Federal Circuit ruled that the revision for the proposed new contracts violate requirements under the Federal Acquisition Regulations, because the contracts would prohibit RACs from charging CMS a contingency fee for the reviewed claims they deny until the provider’s appeal of the denials are decided at the second level of the administrative appeals process, a provision the court deemed inconsistent with FAR requirements limiting terms to those consistent with customary commercial practices. The court remanded the case to the Court of Federal Claims for proceedings consistent with its decision. CMS may be required to rebid the new RAC contracts without this provision.

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