



## **Title: CMS's Medicare and Medicaid Audits (RAC and MIP Programs)**

### **Part II: Medicaid Integrity Program (MIP)**

#### **Introduction**

CMS has recently implemented Medicare and Medicaid integrity systems. Although the details and components of the RAC (Medicare) and MIP (Medicaid) programs are particular to these specific government healthcare programs, they are similar in that both programs are mandated by federal law to prevent, detect and address fraud, waste and abuse. Part I addresses the Medicare audit components and Part II addresses the Medicaid audit components.

#### **Medicaid Integrity Program (MIP)**

CMS formed the Medicaid Integrity Program (MIP) provider audit program three years ago as a part of the Deficit Reduction Act (February 2006) intended to combat Medicaid provider fraud, waste, and abuse. Over the past three years time has been spent building the organization and the infrastructure to develop fair and consistent programming. The program focuses on proper enrollment according to rules and requirements, meeting state and federal law for payments and identifying overpayments etc.

Components of the program include:

- Improving provider outreach through a forum that provides an opportunity to for updates on the program, including addressing issues and concerns, and listening to the day to day issues faced by providers regarding the activities of the Medicaid Integrity Contractors (MIC's)
- Section 1936 of the Social Security Act requires CMS to enter into contracts to perform four key Medicaid program integrity activities:
  1. Review of provider actions to determine whether fraud, waste, or abuse occurred or may have occurred;
  2. Audit provider claims;
  3. Identify overpayments; and
  4. Educate State or local employees involved in Medicaid administration, providers, managed care entities, beneficiaries and others with respect to payment integrity and quality of care.

CMS has awarded umbrella contracts with several contractors to perform these functions. These firms are known as the Medicaid Integrity Contractors (MIC's). There are three types of MIC's: Review MIC's, Audit MIC's, and Education MIC's.

- The Review MIC's use advanced data mining and analysis techniques to identify provider targets for the Audit MIC's to pursue. The Data is a subset of Medicaid data which is received from the states, it is only a copy of certain fields within each claim. At this time only half of the states are being analyzed. The plan is to have all states being analyzed by the end of the year. This group runs "hundreds" of queries against the data looking for potential "outliers" and turns these lists of providers over to the auditing MIC's.
- The Audit MIC's conduct audits of these Medicaid providers and identifies overpayments. The screening of potential providers and the audit process is based on "vetting" where the audit team works closely with states and law enforcement agencies (OIG, DOJ, MFC) NOT to duplicate any review or audit that is already occurring. If there is another current investigation, this audit group backs down. Once the "vetting process" is completed, a list of provider audits is given to the Medicaid contractors, and they go off and do the audits.
- There are two types of audits, binary reviews, where a desk audit picks up on a discrepancy that defies a data integrity rule, and the standard audit, where an onsite record review is done. At this time there are over 500 active audits occurring- 44% in hospitals, 29% LTC, 21% pharmacy, 6% all others.
  - The Independent contractors are responsible for communication to the provider about the audit itself and record review, a draft audit report goes to CMS, CMS sends this draft report to the states Medicaid agency so they can verify their specific state rules, and give CMS confirmation from the state on the results
  - CMS contractors are working on coordination so that each provider is not burdened with a RAC ( Medicare ) and MIC ( Medicaid) audit at the same time
  - Unlike the RAC contractors, the MIC's do NOT have compensation tied to the amount of Money recovered. Instead it's a fee for service based system.
- The Education MIC's provide education to Medicaid providers and others with respect to Medicaid payment integrity and quality of care issues. Based on the audit findings the education MIC would complete a "gap analysis" develop web based trainings etc.
- There is a procurement process for the three types of MIC's with contracts current being awarded to allow for the nation to be up and running. By September all contracts will be awarded

### **What is the impact of MIC audits to the nursing home industry and what can a provider do to prepare?**

- Improper payments are recouped from providers
- Staff time and other resources are needed if an audit is occurring
- Providers should keep/submit proper documentation related to Medicaid claims (i.e. ADL tracking forms, mood tracking forms etc.)

- Ensure your facility has a system in place for auditing Medicaid records and billing forms to validate processes and clinical decisions
- In case-mix states ensure your facility has a sound MDS data integrity system capable of identifying various inconsistencies related to Medicaid billing as well as to overall MDS accuracy
- Ensure your facility's processes for determining residents scale scores in the areas of ADL index, cognitive performance scale and depression scales, which may be used in some states as Medicaid add-ons, are adequate and consistent
- Ensure staff receives adequate training/education sessions on the MIC process and Medicaid documentation

### **Important Resources:**

1. Web site information; you can email questions to [medicaid\\_integrit\\_program@cms.hhs.gov](mailto:medicaid_integrit_program@cms.hhs.gov). or look online at [www.cms.hhs.gov/medicaidintegrityprogram](http://www.cms.hhs.gov/medicaidintegrityprogram)

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