Program Integrity

Like all health care providers, hospitals are subject to billing and payment scrutiny by the administrators of the Medicare and Medicaid programs as well as by commercial insurers. The following sections discuss some of these federal and state efforts.

Medicare and Medicaid Audit Contractors

In the *Tax Relief and Health Care Act of 2006*, Congress required the Centers for Medicare and Medicaid Services (CMS) to establish a national Recovery Audit Contractor (RAC) program to be in place by Jan. 1, 2010. The goal of the program is to identify overpayments made on claims of health care services provided to Medicare beneficiaries and to identify underpayments by Medicare to providers. Medicare RACs are paid on a contingency fee basis -- a fact many providers believe creates perverse incentives to aggressively deny claims. Georgia's RAC is Cotiviti, which is headquartered in Atlanta. The Medicare RAC is just one of many entities with the authority to audit Medicare claims. Others include Medicare Administrative Contractors (MACs), Zone Program Integrity Contractors (ZPICs), Comprehensive Error Rate Testing (CERT) contractors, Supplemental Medical Review Contractors (SMRCs), and the U.S. Department of Health and Human Services Office of Inspector General (OIG).

Federal Medicaid Integrity Program

Section 1936 of the Social Security Act requires the Secretary of Health and Human Services to establish a Comprehensive Medicaid Integrity Plan to safeguard the integrity of the Medicaid program. The most recently published plan covers fiscal years 2014 through 2018, during which the agency expanded the use of Medicaid data, provided additional program integrity resources to state Medicaid programs, and streamlined the federal program integrity contractors.

In 2010, as part of the *Patient Protection and Affordable Care Act (ACA)*, Congress expanded the RAC to Medicaid. In 2012, Georgia selected Myers and Stauffer as its RAC contractor to implement the Medicaid RAC program. Like the Medicare RAC program, federal law requires the state to pay the Medicaid RAC contractor(s) on a contingency fee based on the amount of claims denied. Initially, Medicaid RAC audits were solely focused on claims paid under the fee-for-service program; however, the Georgia Department of Community Health Program Integrity Unit (DCH Program Integrity), which oversees the Medicaid RAC program, expanded it to include claims paid by the Medicaid CMOs, even though the CMOs conduct their own audits.

It is important to note that Medicaid RACs supplement, rather than replace, other auditors, including the DCH Program Integrity Unit and the federal auditors discussed above, even though all are charged with reviewing Medicaid claims to identify overpayments. This level of seemingly parallel oversight adds to the administrative costs hospitals incur to demonstrate regulatory compliance to multiple entities.

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State Medicaid Surveillance and Utilization Review

The Georgia Department of Community Health's Office of the Inspector General Program Integrity Unit performs Medicaid Surveillance and Utilization Review (SUR) activities. The state's SUR teams generate profiles based on patterns of Medicaid provider billing. Analyzing providers and comparing them to respective peer groups can help identify abnormal patterns of practice. SUR staff members identify aberrant behaviors; conduct hospital, physician and other provider type audits to educate providers on program guidelines; and recover inappropriately reimbursed funds. The Program Integrity Unit works in conjunction with a number of regulatory agencies, including the Medicaid Fraud Control Unit (MFCU), Medicare Zone Program Integrity Contractors (ZPICs), and the Georgia Bureau of Investigation (GBI).

In summary, there are multiple efforts to regulate, assess and ensure that hospitals provide safe and quality care.
Figure 17 on page 69 depicts a summary of all the entities that are involved in these efforts.

There are multiple efforts to regulate, assess and ensure that hospitals provide safe and quality care.

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Figure 17

Hospital Oversight Entities

Legal
Certificate of Need
U.S. Drug Enforcement
U.S. Dept. of Justice
Federal Bureau of Investigation

Transportation
U.S. Dept. of Transportation
Federal Aviation Administration

Personnel
U.S. Dept. of Labor
Office of Civil Rights
Office of Federal Contract
Compliance Programs
Occupational Safety & Health
Administration
National Institute for Occupational
Safety & Health
National Labor Relations Board

Medical
Centers of Disease Control
Food & Drug Administration
Hospital Consumer Assessment of
Healthcare Providers & Systems
U.S. Health Resources & Service
Administration
Office of the National Coordinator for
Health Information Technology
Georgia Secretary of State Licensing
Boards
United Network for Organ Sharing
U.S. Patent and Trade Office

Quality
DNV Healthcare
Hospital Engagement Network
Hospital Improvement Innovation
Network
The Joint Commission
Quality Innovation Network
Quality Improvement
Organization/Program
Transforming Clinical Practice
Initiative

Program Integrity
Comprehensive Error Rate Testing
Medicaid Fraud Control Unit
Medicaid Integrity Contractor
Medicare Integrity Program
CMS Office of Inspector General
Recovery Audit Contractor
Supplemental Medical Review
Contractor
Medicaid Surveillance & Utilization
Review
Zoned Program Integrity Contractor

Oversight
Centers for Medicare & Medicaid Services
GA Dept. of Community Health
GA Dept. of Public Health
GA Dept. of Behavioral Health &
Developmental Disabilities
Environmental Protection Agency
Federal Commerce Commission
Federal Trade Commission
Georgia Healthcare Facility Regulation
Nuclear Regulatory Commission

Financial
Internal Revenue Service
Medicare Administrative
Contractor
Payment Error Rate Measurement
Payment Reimbursement
Review Board
Securities & Exchange Commission