

Centers for Medicare & Medicaid Services/Medicaid Integrity Group

Increasing Medicaid Integrity through Support & Oversight

July 2008

CMS Gears up to Launch National Medicaid Audit Program

Through the Deficit Reduction Act of 2005 (DRA), the **Centers for Medicare & Medicaid Services (CMS)** established the **Medicaid Integrity Program**, the first comprehensive Federal strategy to prevent and reduce fraud and abuse in the \$300 billion joint Federal/State Medicaid program and to provide effective support and assistance to States to combat Medicaid fraud and abuse. In June 2006, the **Medicaid Integrity Group** was formed within CMS' Center for Medicaid and State Operations to implement the Medicaid Integrity Program.

The DRA requires CMS to hire contractors to conduct the following activities to counter fraud and abuse:

- 1) Review Medicaid providers' actions to determine if fraud or abuse has occurred;
- 2) Audit claims for services;
- 3) Identify overpayments; and
- 4) Educate providers, beneficiaries, and others with respect to payment integrity and quality of care issues.

These contractors are collectively known as **Medicaid Integrity Contractors (MICs)**. CMS has utilized the Federal procurement process to award contracts to eligible entities to perform these activities.

Objectives of the National Medicaid Audit Program

To ensure that paid Medicaid claims were:

- For services provided and properly documented
- For services billed properly using the appropriate procedure codes
- For covered services
- Reimbursed appropriately according to State policies, rules or regulations

Scope of National Medicaid Audit Program Activities

Three types of MICs will perform the following activities:

1) **Review of Provider MICs** will:

- Analyze Medicaid claims data to identify high risk areas and potential vulnerabilities
- Provide leads/audit targets to the Audit MICs
- Use data-driven approaches to ensure efforts are focused on providers with truly aberrant billing practices

The Review of Provider MICs include AdvanceMed, ACS Healthcare, Thomson Reuters, Safeguard Solutions (SGS), and IMS Government Solutions.

2) **Audit of Provider MICs** will:

- Conduct post-payment audits of Medicaid providers
- Perform a combination of field audits and desk reviews
- Identify overpayments (will not be involved in the collection of overpayments)

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The Audit of Provider MICs include Booz Allen Hamilton, Fox & Associates, IPRO, Health Management Solutions, and Health Integrity, LLC.

3) Education MICs will:

- Develop training materials and awareness campaigns and conduct provider education and training on payment integrity and quality of care issues
- Highlight the value of education in preventing fraud and abuse in the Medicaid program
- Work closely with Medicaid's partners and stakeholders to support the educational programs

The Education MICs will be identified by the end of 2008.

Launch of the National Medicaid Audit Program

In April 2008, the Medicaid Integrity Group awarded the first task orders for the MICs under the Audit and Review of Provider contracts. The first Audit MIC task order was awarded to Booz Allen Hamilton and the first Review of Provider MIC task order was awarded to Thomson Reuters. The MIC activities will be initiated over the next several months in the 14 States throughout CMS' Regions 3 and 4*.

*Region 3: DC, DE, MD, PA, VA, WV

Region 4: AL, FL, GA, KY, MS, NC, SC, TN

Additional task orders for other CMS regions will be awarded in the future.

Benefits to States

- Enhance, but not duplicate the States current program integrity activities
- Increase the number of audits performed in a State without a strain on the State audit staff
- Help States improve their payment system to prevent fraud and abuse
- Save the States money by identifying overpayments that the States can recover
- Provide audit services to the States that are 100% Federally funded
- Provide additional expertise in fraud and abuse to States
- Allow States the opportunity to recommend providers for auditing

Additional Resources

For additional information on the Medicaid Integrity Group and its activities:

- <http://www.cms.hhs.gov/deficitreductionact>
- <http://www.cms.hhs.gov/MDFraudAbuseGenInfo>

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