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

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

***April 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**

Due to one of Indiana's providers inquiries regarding ADR requests that have not been completed after submitting data to CGI, CGI discovered that the provider portal was not capturing and reporting accurate statuses both internally as well as externally. In addition, if reviews had been rescinded or cancelled, rescind letters were not being sent to the providers. If any provider has questions related to the timeliness or follow-up of data requests, please contact IHA so that we can address through the Region B Hospital Association Workgroup.

The next round of ADR letters were sent on April 10th. 5,647 requests were sent to Indiana Hospitals.

In this round of ADR letters, Hospitals should have seen their new ADR request limitations. Please review to the number to make sure that you are in agreement with CGI. As a reminder, the limit is equal to 2% of all claims submitted for the previous calendar year divided by 8. The RA may go more than 45 days between record requests but may not make requests more frequently than every 45 days. A provider's limit will be applied across all claim types, including professional services. RAs may select up to 75% of any claim type for review. The maximum number of requests per 45 days is 400 except for providers with over \$1 million in MS-DRG payments will have a cap of 600. The maximum request amount is per campus. The definition of campus is one or more facilities under the same Tax Identification Number (TIN) located in the same area (using the first three positions of the ZIP code).

Also, there was a format change in the ADR letters due to a request by CMS to standardize the letters across all the RACs.

CGI announced an increased volume of “Discussion” requests this month. Of the 572 discussions, 425 were reversed in favor of the provider due to the provider submitting additional documentation.

CGI’s accuracy rating completed by the Validation Contractor for April was 96%.

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## **MEDICAID SURS’ AUDITS**

Any questions related to the FSSA’s Surveillance and Utilization Review (SUR) Department injection and infusion audits or the manually priced vs flat rate priced over payments, please contact the Hospital Association or the IHCP Provider and Member Concerns Line at 1-800-457-4515. Remember that these reviews were not completed by the Medicaid RAC or were not considered as RAC audits but rather system related errors.

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## **CMS NEWS**

### CMS Patient Status Settlements Subject to Sequestration

CMS is applying the 2 percent reimbursement reduction mandated under sequestration to the net payable amount for inpatient claims included in the patient status settlement agreement process that were denied on a prepayment basis. These claims are paid at 68 percent of the approximate amount that would have been paid, adjusted for sequestration, had the claim been processed. Because the MACs did not reduce the approximate net payable amount by 2 percent when processing Round 1 payments, they are now issuing demand letters to recoup the overpayments on a claim by claim basis. Please note that this reduction only applies to claims included in the settlement that were denied on a prepayment basis and had dates of discharge on or after April 1, 2013, the date sequestration became effective.

### CMS Transmittal 585, CR 8937

CMS published Transmittal 585, CR 8937, dated April 3, 2015 that grants RACs and other recovery audit contractors such as the MACs, CERT, SMRCs and ZPICs the ability to change coding and payment in certain situations. The instructions are for the RAs not to deny the entire claim but when the medical documentation supports a lower or higher code to adjust the code and adjust the payment. The effective date for the instruction in this transmittal is May 4, 2015.

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