

## Part B Insider (Multispecialty) Coding Alert

### Reimbursement: Brace Yourself For A New Layer Of Audits

#### New contractors will have you in their crosshairs

In case you didn't think you were bearing enough audit burdens already, another layer of scrutiny will come down on your head soon.

The **Centers for Medicare and Medicaid Services** has issued requests for proposals (RFPs) from organizations wishing to become Recovery Audit Contractors. These contractors will audit claims from physicians and other providers, and turn the funds they recoup over to Medicare.

Most of these recovered funds will go back into the program, but not all. The contractors will receive an undefined percentage of the amount they recoup. In other words, the more these new audit contractors recover from physicians, the more money they make. CMS' program management division will also keep a percentage of the recovered funds.

The audit contractors' pilot program will begin in May and last three years. The program will affect physicians in three states - New York, Florida and California - according to a Jan. 12 Medlearn Matters article posted on CMS' Web site at [www.cms.hhs.gov/medlearn/matters/mmarticles/2005/SE0469.pdf](http://www.cms.hhs.gov/medlearn/matters/mmarticles/2005/SE0469.pdf).

[CMS has always claimed that if a physician pays a consultant on a contingency basis, a problem may arise because the consultant will have an incentive to find more underpayments, notes attorney Diane Signoracci with Bricker & Eckler in Columbus, OH. "The same kind of analysis would apply in reverse," she insists. "\[The arrangement\] creates an incentive to be less than careful and more quick to find an overpayment" than if the contractors received a flat fee.](#)

**Upside:** [You will be able to appeal any overpayments these contractors find to your local carrier. And if the contractors find an underpayment, they'll pass the matter on to your carrier, which will return the money to you.](#)

**Downside:** ["This is just further hassle factor, further unfairness being injected into the system, and more parasites" preying on providers, fumes Signoracci. "They're adding nothing to health care delivery in this country, and they're just taking away dollars." Most of the overpayments that auditors usually find involve documentation problems for medically necessary care that the physician actually provided.](#)

[The new contractors will come on top of the Payment Safeguard Contractors that already audit physician claims, plus the Part B carriers' own audit units. "It's just a feeding frenzy," says Signoracci.](#)

#### 'Bounty Hunters' Stalk Doctors

"We are concerned with this kind of bounty hunter approach," says **Brett Baker**, regulatory affairs associate with the **American College of Physicians**. CMS told the ACP that the agency would try to implement the audit contractor initiative as fairly as possible for physicians, but it is a legislative requirement. The ACP will work with CMS' **Physician Regulatory Issues Taskforce** to monitor the program's implementation for physician fairness.

There's certainly some concern that these audits may be unpleasant and even unfair for physicians, says **William Rogers**, a physician who runs the PRIT at CMS. "This is a new program," says Rogers. "There is a potential for it not working smoothly." And "any time your payment is based on the number of widgets you make," you'll have a strong reason to make as many widgets as possible.

Rogers says he's talking to the people designing the project to make sure they're as grounded as possible in the realities



of how physicians practice. He hopes to make sure the burden of the new program is as light as possible.