

Eli's Hospice Insider

Hospice News: Pre-Pay Claims Review Heats Up

Predictive modeling could target your claims.

Get ready for more scrutiny of your claims before they are paid, thanks to the feds' new predictive modeling initiative.

Background: A provision in last year's Small Business Lending Act required the **Centers for Medicare & Medicaid Services** to start using predictive modeling software to verify suspicious claims before paying them.

Under the **Obama** administration, CMS is implementing the predictive modeling effort ahead of schedule, says a release from the agency. CMS has tapped **Northrop Grumman** to develop and implement the software. The program goes nationwide as of July 1.

How it will work: "Original Medicare claims will be analyzed using innovative risk scoring technology that applies effective predictive models," CMS explains in a release. Credit card companies use a similar approach to identify fraud. "For the first time, CMS will have the ability to use real-time data to spot suspect claims and providers and take action to stop fraudulent payments before they are paid," the agency says.

"Northrop Grumman will deploy algorithms and an analytical process that looks at CMS claims -- by beneficiary, provider, service origin or other patterns -- to identify potential problems and assign an 'alert' and assign 'risk scores' for those claims," CMS details. "These problem alerts will be further reviewed to allow CMS to both prioritize claims for additional review and assess the need for investigative or other enforcement actions."

The problem: Even if your claims are 100 percent on the up-and-up, if you fall into a profile considered at risk, you'll be subject to claims review and reimbursement slow-downs, experts warn.

The Northrop Grumman contract is worth \$77 million, according to press reports.