

## **Medicaid Integrity Program Provider Audit Fact Sheet, November 2008**

### **Background**

The Deficit Reduction Act of 2005 (DRA) created the Medicaid Integrity Program (MIP) and directed the Centers for Medicare & Medicaid Services (CMS) to enter into contracts to review Medicaid provider actions, audit claims, identify overpayments, and educate providers and others on Medicaid program integrity issues.

### **Who are the “Audit MICs?”**

Audit Medicaid Integrity Contractors (Audit MICs) are entities with which CMS has contracted to perform audits of Medicaid providers. The overall goal of the provider audits is to identify overpayments and to ultimately decrease the payment of inappropriate Medicaid claims. At the direction of CMS, the Audit MICs will audit Medicaid providers throughout the country. The audits will ensure that Medicaid payments are for covered services that were actually provided and properly billed and documented. Audit MICs will perform field audits and desk audits. Audits have begun in CMS Regions III & IV and will be expanded to all States and Territories. The audits are being conducted under Generally Accepted Government Auditing Standards.

### **Which providers will be subject to audit?**

Any Medicaid provider may be audited, including, but not limited to, fee-for-service providers, institutional and non-institutional, as well as managed care entities.

### **How are providers selected?**

Providers usually will be selected for audits based on data analysis by other CMS contractors. They also will be referred by State agencies. CMS will ensure that its audits neither duplicate State audits of the same providers nor interfere with potential law enforcement investigations.

### **What should a provider do if it receives a Notification Letter that it has been selected for audit?**

Gather the requested documents as instructed in the letter. CMS contractors have the authority to request and review copies of provider records, interview providers and office personnel, and have access to provider facilities. Requested records must be made available to the Audit MICs within the requested timeframes. Generally, providers will have at least two weeks before the start of an audit to make their initial production of documents to the Audit MICs. In obtaining documents, Audit MICs will be mindful of state-imposed requirements concerning record production. Moreover, Audit MICs may accommodate reasonable requests for extensions on document production so long as neither the integrity nor the timeliness of the audit is compromised. The Audit MICs will also contact the provider to schedule an entrance conference. Notification Letters will identify a primary point of contact at the Audit MIC if there are specific questions about the Notification Letter or the audit process.

### **What process will follow the completion of the audit?**

The Audit MIC will prepare a draft audit report, which will first be shared with the State and thereafter with the provider. The State and the provider each will have an opportunity to review and comment on the draft report's findings. CMS will consider these comments and prepare a revised draft report. CMS will allow the State to review the revised draft report and make additional comments. Thereafter, CMS will finalize the audit report, specify any identified overpayment, and send the final report to the State. The State will pursue the collection of any overpayment in accordance with State law. Providers have full appeal rights under State law. The Audit MICs will be available to provide support and assistance to the States throughout the State adjudication of the audit.

### **Who are the Audit MICs?**

Umbrella contracts have been awarded to: Booz Allen Hamilton, Fox & Associates, IPRO, Health Management Solutions (HMS), and Health Integrity, LLC. Booz Allen Hamilton was awarded the task order to conduct audits in CMS Regions III & IV. HMS was recently awarded a task order for CMS Regions VI & VIII.

*For information on the Medicaid Integrity Program, please email [Medicaid\\_Integrity\\_Program@cms.hhs.gov](mailto:Medicaid_Integrity_Program@cms.hhs.gov).*