

**Written Testimony of Robert Rolf
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Prepared for
The Senate Committee on Finance

June 25, 2013

Chairman Baucus, Senator Hatch, Members of the Committee, thank you very much for the opportunity to appear before you today. My name is Robert Rolf and I am a Vice President at CGI Federal Inc. (CGI), a global information technology and business process services firm. In my role, I am responsible for CGI's efforts to implement the Recovery Audit Contractor (RAC) program in Region B, which is comprised of seven states in the Midwest, as well as similar audit and recovery efforts that CGI performs for its state government and commercial clients. It is my pleasure to appear today before you at this hearing to discuss the role of Recovery Auditors and lessons learned as CGI continually looks to improve efforts to identify and recover improper payments as a way to strengthen the Medicare trust funds.

Originally authorized by the Tax Relief and Healthcare Act of 2006, the Medicare RAC program is focused on the identification of improper payments made to hospitals, physicians, clinics, durable medical equipment suppliers, and other providers of services under Medicare Parts A and B. The nationwide program follows a successful 3-year pilot that resulted in the identification of \$1 billion in improper payments from six states.

Under CGI's contract with Centers for Medicare and Medicaid Services (CMS), CGI is tasked with the identification of improper payments using both automated and manual claims review processes intended to identify provider overpayments and underpayments. Although most of this work involves catching improper payments on the back end, CGI fully supports all efforts to prevent such improper payments from happening in the first place. CGI currently assists CMS in the development of an improper payment prevention plan, a mission that CGI takes very seriously, and also participates in the Prepayment Review Demonstration Project for Recovery Auditors established by CMS in August 2012.

Since contract inception in February 2009, CGI, much like our fellow Recovery Auditors, has worked diligently to implement the program in an open and transparent fashion. CGI's efforts to date involved extensive outreach to the provider community in each State served, through town hall style meetings, as well as internet and audio conferences, providing education on the program and CGI's processes. To date, CGI has conducted over 100 such meetings and taken over 16,500 calls and 13,000 emails at its call center, which CGI established to field provider questions and concerns.

Nationally, Recovery Auditors have identified more than \$4 billion in improper payments. The program's success is even more impressive considering that Recovery Auditors bear all of the risk associated with investing in the systems and personnel necessary to conduct the program and are paid on a commission basis only for underpayments and overpayments actually recovered. Additionally, the RAC program serves as a model in terms of the Recovery Auditors' transparency of provider interactions and CMS' strong program governance to ensure that providers are treated fairly and do not experience burdensome compliance costs.

Based on CGI's experience with the RAC program, I'd like to share a few observations with the Committee about this important CMS program and some lessons learned about recovery audit efforts:

- *Transparency and communication are critical to the success of the program.* It is important that Recovery Auditors provide transparent information to Medicare providers regarding the program and the issues under investigation, as well as information about the basis for an improper payment determination. In this way, providers are kept informed during each step of the audit process. CGI has established monthly conference calls with provider associations and continues to conduct provider outreach sessions that facilitate two-way communication. Additionally, CMS requires each Recovery Auditor to host a public website that includes information such as the issues Recovery Auditors are auditing in their regions, instructions on how to submit electronic records, and frequently asked questions. The secure portal allows providers to log in with their Medicare Provider ID to check the status of information that a Recovery Auditor has requested from the provider.
- *The contingency payment approach works well in practice.* Medicare Administrative Contractors (MACs) have many significant duties under the Medicare program, including claim review prior to payment. The MACs simply aren't able to catch every error or omission on the front end (*i.e.*, prior to payment). Recovery Auditors have one primary mission – to catch improper payments on the back end (*i.e.*, after payment) and correct them. The contingency payment approach allows Recovery Auditors to dedicate the necessary resources to this task. Contrary to some assertions, the contingency approach does not encourage the pursuit of questionable recoveries or discourage the pursuit of underpayments for three important reasons. First, Recovery Auditors do not get paid unless and until a recovery is received by the Government. Second, fees earned on recoveries that end up reversed on appeal must be returned to the Government. Third, Recovery Auditors receive an equal fee for finding both provider underpayments and overpayments. To ensure that incentives remain properly aligned, CMS conducts a monthly audit of each Recovery Auditor to determine how accurate its determinations are. In the latest set of cumulative annual data published by CMS, all four Recovery Auditors received accuracy scores of greater than 90%. I am proud to report that CGI's accuracy score was 95.8%.

Finally, in an effort to catch more of these improper payments on the front end, CMS has initiated a Prepayment Review Demonstration project for Recovery Auditors. Under this demonstration project, the MAC sends the request for additional documentation to the provider, who then submits the medical records to the Recovery Auditor for review. The Recovery Auditor reviews the information and provides instruction to the MAC regarding whether to pay or deny the claim. To date, CGI has reviewed 1,056 claims and prevented \$1,806,574.73 in improper payments from being made in the first place.

- *CMS successfully built in provisions to prevent "over auditing."* At the outset of the program, CMS developed certain safeguards to prevent "fishing expeditions" that could lead to unnecessary workload on behalf of providers. First, a Recovery Auditor cannot simply pick and choose the issues that it wishes to review. Rather, a CMS policy team reviews all the improper payment issues and audit scenarios identified by the Recovery Auditors. A Recovery Auditor may only

conduct an audit if the CMS policy team approves one for that issue and the nature of that audit is communicated to the provider community so that providers receive fair notice of the issues being reviewed. Second, CMS has developed a specific formula to limit the number of medical records that a Recovery Auditor may request. This documentation formula is proportionally based on the volume of Medicare claims billed by the provider to CMS. Third, a Recovery Auditor must pay a provider 12.5 cents per page for most documents requested, which ordinarily covers the provider's entire cost of using a records contractor to comply with Recovery Auditor documentation requests. The documentation limit and the reimbursement requirement force Recovery Auditors to be selective about the medical records requested from providers.

- *The RAC program promotes continuous process improvement for claims processing and payment.* CGI participates along with the other Recovery Auditors in major finding discussions with CMS. This process informs CMS of areas representing the greatest vulnerability to the program along with recommendations for corrective action. Additionally, CGI has identified situations where providers were paid in a manner that seemed incorrect, but were not addressed by an existing CMS rule forbidding payment. In those cases, CGI informed CMS of the potential need for rule changes to close loopholes and front end coding edits to avoid future under/over payments. In other cases, CGI has reviewed provider billing and reimbursement situations that seemed to warrant investigation only to conclude that the arrangements were entirely appropriate. This review process provides an important "check and balance" function for and promotes continuous improvement of the claims payment system.

Overall, the Medicare RAC program works well. It has helped CMS identify and recover billions of dollars of improper payments and done so in a manner that is a model for program integrity efforts when it comes to transparency and program governance. CGI remains open to commonsense suggestions to improve the RAC program for all parties involved. In fact, CGI sees some opportunities to improve not only the RAC program, but also other program integrity efforts at CMS. Specifically, CGI recommends that the Committee focus on the following improvement opportunities:

- *Improve the appeals process.* Although the Recovery Auditor accuracy scores are quite high and, according to CMS data, a low percentage of claims identified as improper payments have been overturned on appeal since the start of the program, there are some issues with the appeals process that have been well-documented by the Inspector General at the Department of Health and Human Services (HHS). Among them is the flexibility that Administrative Law Judges (ALJs) have to make decisions that are not in line with Medicare policy. In cases where Recovery Auditors do have findings overturned on appeal, it is most frequently when an ALJ has made such a decision. To increase program effectiveness and consistency, Congress and CMS should look at the Inspector General's findings in this area and see if there are opportunities to limit ALJ discretion on appeals involving existing Medicare policies to promote the integrity of RAC and other Medicare programs.

- *Extend the RAC program's transparency and program governance to other Medicare program integrity initiatives.* In many cases, the transparency and governance provisions described above are unique to the RAC program among the "alphabet soup" of program integrity contractors at CMS. On numerous occasions, CGI's help desk has received questions or complaints about audits and reviews performed by other contractors. CGI supports efforts to consolidate transparency and governance mechanisms across the different programs to assist providers in their compliance efforts.

The Medicare RAC program is an essential element in the broader effort of program integrity. For nearly two decades, CGI has been advocating a comprehensive approach to program integrity that involves: clearly defined program policies; pre-payment edit rules and audits of claims; post-payment recovery audits; and investigation of fraudulent activity. CGI believes that each element is essential to ensuring compliance with the program and the ultimate goal of protecting the trust funds.

CGI is proud of its ability to deliver successfully on the RAC program by featuring the company's healthcare expertise and broad experience in audit recovery programs. Moreover, CGI remains passionate about the opportunity to partner with CMS, and other public agencies, in one of the most critical "good government" efforts underway today.

I appreciate the opportunity to appear before you all today and would be pleased to answer any questions that you may have.