

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-08 Medicare Program Integrity</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 928</b>	<b>Date: December 4, 2019</b>
	<b>Change Request 11463</b>

**Transmittal 912, dated October 18, 2019, is being rescinded and replaced by Transmittal 928 dated December 4, 2019, to correct the formatting on the attachment template. All other information remains the same.**

**SUBJECT: Medicare Administrative Contractor (MAC) Verification of Potential Errors and Corrective Actions Taken**

**I. SUMMARY OF CHANGES:** The purpose of this Change Request (CR) is to instruct the MACs to upload their responses directly to the Recovery Audit Contractor (RAC) Data Warehouse (DW). CMS will continue to require the MAC to supply updates on corrective actions taken for identified vulnerabilities via technical direction on a quarterly basis. In the past, the MAC responses were sent back to CMS via email.

**EFFECTIVE DATE: November 19, 2019**

*\*Unless otherwise specified, the effective date is the date of service.*

**IMPLEMENTATION DATE: November 19, 2019**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
R	3/3.7/3.7.5 - Corrective Action Reporting Requirements

**III. FUNDING:**

**For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**IV. ATTACHMENTS:**

**Business Requirements  
Manual Instruction**

# Attachment - Business Requirements

Pub. 100-08	Transmittal: 928	Date: December 4, 2019	Change Request: 11463
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## I. GENERAL INFORMATION

**A. Background:** On a quarterly basis, CMS issues technical direction to the MACs requiring they provide responses to corrective actions taken on identified vulnerabilities. Each MAC's response is then returned to CMS via email. This CR will replace the email response with an upload directly to the RAC DW. The MACs will be required to use a prescribed format, which is acceptable to the RAC DW.

**B. Policy:** Section 302 of the Tax Relief Act and Health Care Act of 2006.

## II. BUSINESS REQUIREMENTS TABLE

*"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.*

Number	Requirement	Responsibility								
		A/B MAC			DM E  MA C	Shared-System Maintainers				Other
		A	B	HH H		FIS S	MC S	VM S	CW F	
11463.1	The contractors shall be aware of revisions to Chapter 3, Section 7.5 of Publication 100-08.	X	X	X	X					RAC Data Warehouse
11463.2	The contractors shall use the Corrective Actions reporting template in the attachment, which is	X	X	X	X					

Number	Requirement	Responsibility								
		A/B MAC			DM E MA C	Shared-System Maintainers				Other
		A	B	HH H		FIS S	MC S	VM S	CW F	
	acceptable to the RAC DW.									
11463.2.1	The contractors shall login in the RAC DW to upload the file and click on “MAC Corrective Actions” within the menu. This pops open a file upload window.	X	X	X	X					
11463.2.2	The contractors shall wait for the response file and check for validation errors once the file is uploaded.  <b>NOTE:</b> All errors are defined in the Error Codes list under RAC DW System Documentation.	X	X	X	X					

### III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
	None					

#### IV. SUPPORTING INFORMATION

**Section A: Recommendations and supporting information associated with listed requirements:** N/A

*"Should" denotes a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information:

**Section B: All other recommendations and supporting information:** N/A

#### V. CONTACTS

**Pre-Implementation Contact(s):** Jan Oberst, 410-786-7634 or janice.oberst@cms.hhs.gov , Ashley Badami, 410-786-0828 or ashley.badami@cms.hhs.gov

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR).

#### VI. FUNDING

**Section A: For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**ATTACHMENTS: 1**

# **Medicare Program Integrity Manual**

## **Chapter 3 - Verifying Potential Errors and Taking Corrective Actions**

**Table of Contents**  
*(Rev.928, Issued: 12-04-19)*

### **3.7.5 - Corrective Action Reporting Requirements**

*(Rev.928, Issued: 12-04-19; Effective: 11-19-19; Implementation: 11-19-19)*

#### **A. General**

This section applies to MACs.

The CMS will provide information to the MACs regarding CMS Recovery Audit *Contractor (RAC)*, and OIG-identified issues via Technical Direction Letters (TDLs). The TDLs will be sent to the MACs on a quarterly basis. Each MAC shall report corrective actions by the dates stated in the TDLs.

#### **B. Corrective Action Reporting on CMS and OIG-Identified Issues**

The CMS will provide MACs with a list of issues on an Excel spreadsheet template (Corrective Actions Taken on CMS and OIG-Identified Issues). These issues may be uncovered by the *RAC*, OIG audits, internal CMS analysis, or other means. The MACs shall review the spreadsheet, type precise responses on the template (see interim and final reportable action statement samples below), and *upload the excel file to the RAC Data Warehouse (RAC DW)*.

For each of the issues, MACs shall report interim actions, final actions, and action dates (see interim and final reportable action statement examples below). The common factor between all reportable actions is quantifiability. The distinguishing factor between the two types of reportable actions is intervention implementation. Interim reportable actions generally indicate in-progress reviews of issues prior to the initiation of final actions. Final reportable actions indicate specific interventions completed to prevent future improper payments.

#### **Examples of interim reportable action statements:**

- MAC is planning a 50% post-payment review (to be performed between 08/01/2014 – 08/31/2014) of 200 claims (with dates of service between 01/01/2012 – 12/31/2012).
- MAC performed a 100% pre-payment review for DRG numbers ### – ### on 02/14/2014 (with dates of service between 01/01/2012 – 12/31/2012).
- MAC performed a pre-payment widespread review using a 100 claim probe on 03/26/2014 (with dates of service between 01/01/2012 – 12/31/2012).
- MAC performed a provider-specific pre-payment review on 04/17/2014 (with dates of service between 01/01/2012 – 12/31/2012).
- Due to resource limitations, not yet able to fully research issue (with dates of service between 01/01/2012 – 12/31/2012).

#### **Examples of final reportable action statements:**

- MAC held a provider seminar for 500 chiropractors regarding documentation requirements on 11/12/2013.
- MAC published an article regarding billing for nebulizer drugs on 02/27/2014 that explained the coverage policy for nebulizer drugs.
- MAC installed an automated edit and validated functionality on 03/19/2014 for codes ### – ###.
  - If readily available, please provide edit effectiveness as defined in PIM section 3.7.3.1 – Evaluation of Prepayment Edits. <Please insert cost savings and number or percentage of claims denied.>

- MAC performed a provider -specific review resulting in a provider education activity. <Comparative Billing Report, letter, one-on-one telephone explanation,...>...on 05/19/2014.
- Based on analysis, this is not an issue within jurisdiction X.

### **Interim and final reportable action statement rationales:**

- In the additional comments section of the TDL template, MACs shall provide brief supplementary rationales for the reported actions.
  - o For example, rationales may state that analysis produced no significant findings due to low volume, claims paid, lower risk and lower priority ranking when compared with other issues.
- The MACs have the discretion to also utilize the additional comments section to briefly explain pertinent background information regarding the MACs processes for specific issues. The MACs may also utilize the space to communicate suggestions for CMS to consider regarding possible future actions.

The MACs shall use the format (Corrective Actions Taken on CMS and OIG-Identified Issues) located in Exhibit 18, section A for reporting purposes. The MACs *shall use the prescribed format, acceptable to the RAC DW*. The MACs shall *upload the* file by the date specified in the TDL. If the due dates fall on a weekend or a federal holiday, the MAC shall *upload the file* on the closest business day after the weekend or holiday. A TDL may occasionally provide an exception to the submission criteria described in the PIM and the exception will be stated within the text of the memorandum.

### **Updates to previous reportable actions**

The MACs shall keep CMS informed of any updates or changes to interim or final reportable actions on top issues from past TDL responses. The format located in Exhibit 18, Section A will include a column titled 'Updated Responses.' The MACs shall enter the following information, in a single cell, for each update:

- The New Issue number being updated
- The Issue Label
- The fiscal year and quarter that the responses was first provided
- The type of response originally provided [Interim or Final]
- The type of response being provided in the update [Interim or Final]
- The response statement in the format described above

The MACs should leave this section blank if they have no updates for the quarter.

### **C. Overpayment Recovery Reporting**

The CMS will provide the MACs with specific claims information from Office of the Inspector General (OIG) audits on a quarterly basis via TDLs. These specific claims have not been reviewed by the OIG and overpayments have not yet been identified. The MACs have the discretion to review these specific OIG-identified claims. The MACs shall report overpayment recoveries pertaining to the specific OIG-identified claims to the CMS on a quarterly basis. If the MAC does not plan on conducting review or cannot conduct review on the specific OIG-identified claims, the MAC shall indicate that no medical review will be conducted and shall also indicate the reason why no medical review and/or overpayment recovery will be conducted on the particular claims set. The reporting shall include the Medicare contractor number, the OIG audit number (e.g. A- 01-08-00528, OEI-01-04-0060) and the cumulative amount collected on the overpayments resulting from the specific set of OIG-identified claims. The cumulative amount shall include appeals. The CMS will indicate

the “final reporting date” in the reporting document when the recovery process has been completed for a specific set of OIG-identified claims. CMS will indicate when the report shall be closed. The MACs have the discretion to report on overpayments that have been referred or are uncollectable at this time resulting from the specific set of OIG-identified claims.

The MACs shall submit their response to CMS on or before March 1, June 1, September 1, and December 1. If the due dates fall on a weekend or a federal holiday, the MACs shall submit the report on the closest business day after the weekend or holiday. The MACs shall submit their response in Excel via email to the CMS contact indicated in the most recent TDL from CMS which includes the claim information and report number. The MACs shall use the format titled “Overpayment Recovery on OIG Claims Format” located in Exhibit 18 for reporting purposes. The MAC has the discretion to readjust the format for use in Excel. The MAC shall complete all fields in the format except for the one optional column. The MACs have the discretion to complete the column titled “Overpayments referred or uncollectable (in dollars).”

TDL Number	Program Segment	Fiscal Year	Quarter of the Fiscal Year	CMS Issue Code	MAC Name	MAC Jurisdiction	Interim Response	Final Response	Additional Comments
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