



# 2016 Audit Process Enhancements



*Michael DiBella, JD*  
*Director, Division of Audit Operations, MOEG,*  
*Center for Medicare, CMS*

*Jessica Robinson, BS*  
*Deputy Director, Division of Audit Operations,*  
*MOEG, Center for Medicare, CMS*

*Tracey Kemp*  
*Health Insurance Specialist, Division of Audit*  
*Operations, MOEG, Center for Medicare CMS*

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# Topics of Discussion

- Condition Classification
- Program Audit Consistency Teams (PACT)
- Updates to Compliance Program Effectiveness (CPE)
- Exit Conferences & the Preliminary Draft Audit Report
- Audits of Medicare-Medicaid Plans (MMPs)
- Other Enhancements



# Core Audit Principles

Changes to our audit process are intended to further one or more of the following core principles:

- ❖ Consistency
- ❖ Accuracy
- ❖ Efficiency
- ❖ Objectivity



# Condition Classification

On November 30, 2015, CMS issued an HPMS memo clarifying the definitions of the following types of audit conditions:

- Immediate Corrective Action Required (ICAR)
- Corrective Action Required (CAR)
- Observation
- Invalid Data Submission (IDS)



# Immediate Corrective Action Required (ICAR)

- Results when an audit condition is systemic and adversely impacts beneficiary access to medications or services
- Sponsors will be notified of the existence of ICARs by written correspondence from the Auditor-In-Charge shortly after the Exit Conference



# ICAR (cont.)

- Sponsor has 3 business days to provide a CAP to address or remediate the condition
- Correction of ICARs will be validated with CAR conditions during the validation audit (150 days from the acceptance of all CAPs)
- The ICAR counts as 2 points in the audit scoring methodology



# Corrective Action Required (CAR)

- Results when an audit condition is systemic
- Sponsor given 30 calendar days from the issuance of the final report to submit a Corrective Action Plan (CAP)
- Once all CAPs are approved, the sponsor has 150 days to demonstrate correction through a validation audit
- The CAR counts as 1 point in the audit scoring methodology



# Observation

- Results when there is an instance of non-compliance that is not systemic
- The non-compliant case is an anomaly, isolated to a specific circumstance that does not repeat itself
- Does not usually require a CAP or testing during the validation audit
- The Observation counts as 0 points in the audit scoring methodology



# Invalid Data Submission (IDS)

- Results when a sponsor fails to provide an accurate universe within three attempts
- Cited for each element that cannot be tested, grouped by type of case
- Must produce universes during the validation audit
- The IDS counts as 1 point in the audit scoring methodology



# Program Audit Consistency Teams (PACTs)

**Purpose:** To improve quality and consistency across all audits

- PACT created for each program area
- Consists of audit Team Leads, Auditors-in-Charge and subject matter experts
  - PACTs led by the top policy experts in each field



# PACTs (cont.)

**Function:** Trains on audit protocol and process, educates team leads on policy matters, and approves the classification of all audit conditions.

- All audit conditions are reported up to PACTs for review and classification prior to inclusion in the Draft Audit Report
- PACTs meet regularly throughout the audit season



# **Updates to Compliance Program Effectiveness (CPE)**

- Eliminated employee interviews
- Added a tracer review to promote outcome based results
- Moved all tracer reviews to week 2
- Suspended review of the training certification element in the CPE program audit protocol



# Exit Conferences & the Preliminary Draft Audit Report

## New Changes in 2016:

- Exit conferences are conducted onsite on the final day of field work (at the conclusion of the Compliance review)
- Preliminary Draft Audit Reports are issued to Sponsors just prior to the exit conference
  - Classification of CAR and ICAR will not be identified in the Preliminary Draft Audit Report



# Audits of Medicare-Medicaid Plans (MMPs)

- MMP contracts are included in the scope of the program audits
- MOEG has not developed an MMP specific audit module for 2016 – follow the current audit protocol for universe submission
- Where MMP contract standards differ from the Medicare Advantage (MA) contract, CMS separates out the MMP cases and applies the applicable compliance standard for both MMP and MA cases



# Other Enhancements

- Reducing universe periods for CDAG and ODAG based on number of beneficiaries enrolled in all contracts
- Using WebEx – fully integrated audio/video webinar technology
- Soliciting audit survey responses from sponsors with the issuance of the Final Audit Report
- Requiring the use of an independent auditor to conduct validation audits (to be discussed in detail in the next session)



# Website

For additional resources on the audit process, please see our Part C and Part D Compliance and Audits website located at:

<https://www.cms.gov/Medicare/Compliance-and-Audits/Part-C-and-Part-D-Compliance-and-Audits/index.html>



# Questions

