CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-08 Medicare Program Integrity	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 674	**Date: September 2, 2016**
	Change Request 9665

SUBJECT: Duplicate Postpayment Claim Reviews

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to prevent Medicare postpayment claims review contractors from performing duplicative claims reviews.

EFFECTIVE DATE: November 4, 2016
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: November 4, 2016
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.*

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
R	3/3.5/3.5.2/Case Selection

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

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I. GENERAL INFORMATION

A. Background: The U.S. Government Accountability Office (GAO) report 14-474 found that the Centers for Medicare & Medicaid Services did not have effective internal controls to prevent postpayment review contractors from duplicating claim reviews. This CR is a corrective action intended to address the duplicate claim review issue.

B. Policy: There are no regulatory, legislative, or statutory requirements related to this CR.

II. BUSINESS REQUIREMENTS TABLE

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

Number	Requirement	Responsibility								
		A/B MAC			DME	Shared-System Maintainers				Other
		A	B	HHH	MAC	FISS	MCS	VMS	CWF	
9665.1	The MAC, Supplemental Medical Review Contractor (SMRC), and Recovery Auditor shall not perform a duplicate review for any claim previously reviewed by another contractor.	X	X	X	X					RA, SMRC
9665.2	The Comprehensive Error Rate Testing program (CERT) shall duplicate another contractor's review, when appropriate, if those claims are chosen as part of a statistically valid random sample to measure the improper payment rate.									CERT

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): Robert Perry, 410-786-6894 or robert.perry3@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: 0

3.5.2 - Case Selection

(Rev. 674, Issued: 09-02-16, Effective: 11-04-16, Implementation: 11-04-16)

This section applies to MACs, CERT, Recovery Auditors, *SMRC,* and ZPICs, as indicated

Case review and development provisions:

The MACs *and the SMRC* shall not perform postpayment review of unassigned claims. A claim submitted for a service or supply by a provider who has not accepted the Medicare fee schedule is an unassigned claim.

- The MACs, Recovery Auditors, *SMRC,* and ZPICs have the discretion to select cases for postpayment review on a claim-by-claim basis or use statistical sampling for overpayment estimation.
    - When MACs, Recovery Auditors, *SMRC,* and ZPICs conduct claim-by-claim postpayment review, they shall only collect or refund the actual overpayment or underpayment amount.
    - When MACs, Recovery Auditors, *SMRC,* and ZPICs conduct statistical sampling for overpayment estimation as specified in PIM chapter 8, they shall extrapolate the sampling results to the known universe of similar claims when calculating the projected overpayment or underpayment amount.
- The MACs, CERT, Recovery Auditors, *SMRC,* and ZPICs have the discretion to conduct the postpayment review offsite at the provider or supplier's location.
- The MAC staff shall review their provider tracking system (PTS) and consult with the ZPIC to ensure non-duplication during the process of selecting providers for postpayment review.
- *The MAC, SMRC, and Recovery Auditor shall not perform a duplicate review for any claim previously reviewed by another Contractor.*
- *CERT shall duplicate another contractor's review, when appropriate, if those claims are chosen as part of a statistically valid random sample to measure the improper payment rate.*
- *This instruction does not prevent the ZPIC from reviewing a claim that has been reviewed by another contractor in order to support their case development or other administrative action.*
- When the MACs, CERT, Recovery Auditors, *SMRC* and ZPICs choose to send the provider an ADR for a postpayment review, they shall do so in accordance with PIM chapter 3, §3.2.3.2. The contractors may grant an extension of the submission timeframes at their discretion or in accordance with their SOWs.
- The MACs, CERT, Recovery Auditors, *SMRC* and ZPICs make coverage, coding, limitation of liability, waiver of recoupment, and/or other determinations when re-adjudicating claims.
- The MACs, CERT, Recovery Auditors, *SMRC* and ZPICs shall document all incorrectly paid, denied, or under-coded (e.g., billed using a *procedure/supply* or other code that is lower than what is supported by medical documentation) items or services.
- Services newly denied as a result of re-adjudication shall be reported as positive values.
- Services that were denied, but are reinstated as a result of re-adjudication shall be reported as negative values.

- The MACs, CERT, Recovery Auditors, *SMRC* and ZPICs shall document the rationale for denial and include the basis for revisions in each case (important for provider appeals). MACs, CERT, and ZPICs should include copies of the NCD, coverage provisions from interpretive manuals, or LCD and any applicable references needed to support individual case determinations. Recovery Auditors *and the SMRC* shall include detailed rationale as outlined in their SOW*s*.

- The MACs have the discretion to deny payment without the review of the claim with a medically unlikely service edit.