

CMS to Begin Recovery Audit Prepayment Review on August 27

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The Centers for Medicare & Medicaid Services (CMS) has announced that the Recovery Audit Prepayment Review demonstration project will begin on August 27. This demonstration project, first announced in November 2011 as part of Medicare's fight against fraud and waste, allows Medicare Recovery Auditors to review Medicare payment claims before they are paid, replacing the "pay and chase" method of conducting reviews for improper payments only after making those payments. By reviewing payments before issuing them, CMS hopes to "lower the payment error rate by preventing improper payments" and plans to increase the number of claims reviewed on a prepayment basis.

The prepayment reviews will focus on seven states that are historically prone to fraud and error (Florida, California, Michigan, Texas, New York, Louisiana, and Illinois) and four states with high volumes of claims for short inpatient hospital stays (Pennsylvania, Ohio, North Carolina, and Missouri). CMS plans to begin with reviews of short inpatient hospital stays.

The demonstration has met with resistance from providers concerned about their reimbursements, and its onset was delayed from an originally proposed January 1 start date. The August 27 date, however, appears to be firm.

CMS will hold a Special Open Door Forum on the demonstration on August 9, from 2:00-4:00 pm Eastern. The call-in number for participation is 1-866-501-5502, and the conference ID is 16834984. Participation instructions and presentation slides will be posted on the CMS website when that information becomes available.

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