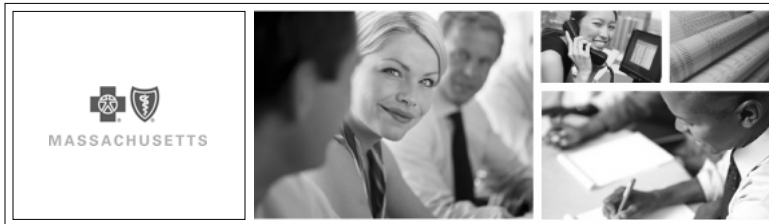




MASSACHUSETTS



## Medicare Compliance

Christian Presley  
Compliance Officer  
Blue Cross and Blue Shield of Massachusetts  
Health Care Compliance Association  
April 2007

## Agenda



- BCBSMA Compliance Structure
  - Corporate Compliance and Ethics
  - Medicare Compliance
- Current Regulatory Enforcement Environment
- Medicare Compliance Program
- Medicare Advantage Compliance Risks
- Top CMS Compliance Requirements for Part D
- Examples of Compliance Issues



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## Current Regulatory Enforcement Environment



- \$3.1 billion recovered in fraud cases by DOJ in 2006
  - Tenet Healthcare Corporation \$902 million
- OIG and CMS Oversight
  - 2007 OIG Workplan
  - MEDIC Contracts
- The Medicare Drug Plan is under Public Scrutiny
  - The government is about to spend \$720 billion over the next decade on prescription medication.
  - Balanced Budget Act established Part C – required 7 part compliance program
  - Medicare Modernization Act – established Part D – requires 8 part compliance program
    - REQUIRES:
      - Program to control fraud, waste and abuse
      - Code of conduct addressing compliance and conflicts of interest
      - Compliance with all provisions related to fraud and abuse prevention
      - Timely reasonable inquiries into potential violations of law
      - Process for referring potential violations to MEDIC or law enforcement
      - Process to ensure subcontractors, agents, brokers are doing appropriate marketing



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# Medicare Compliance Program



## 8 Key Components

1. Written policies, procedures and standards of conduct
2. Compliance Officer and Committee
3. Effective Training and Education
4. Effective Lines of Communication
5. Enforcement through Disciplinary Guidelines
6. Monitoring and Auditing
7. Prompt Response to Violations; Corrective Action
8. Fraud, Waste and Abuse Program \*\* (New with Part D)



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# Medicare Advantage



## CMS Audit Activity

- ❖ CMS developed a new short term audit strategy using risk assessment tools
- ❖ Comprehensive audits may be conducted in 2007 at plans that meet certain risk factors
- ❖ May conduct focused audits on areas such as:
  - ✓ Claims
  - ✓ Pre-service organization determinations (plan decisions for medical service requests)
  - ✓ Appeals
  - ✓ Marketing
  - ✓ Enrollment
- ❖ CMS MA Audit Key Findings 2005
  - Chapter 13 (Appeals and Grievances)
  - Content of Denial Notices



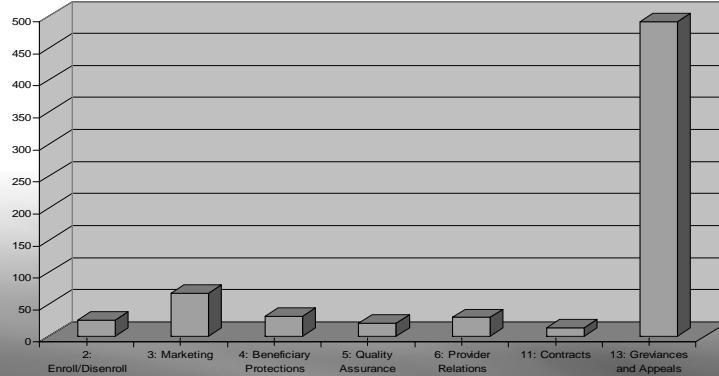
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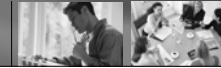
# CMS Medicare Advantage Audit Findings



CMS Medicare Advantage Audit Findings  
By Audit Guide Chapter  
Audits Conducted 2005



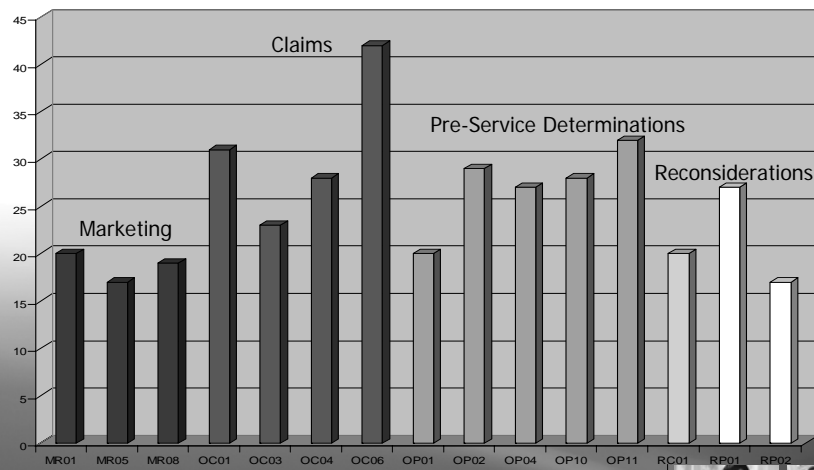
Source: CMS Health Plan Management System  
CMS Compliance Conference, August 28, 2006



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# CMS Medicare Advantage Audit Findings



Source: CMS Health Plan Management System  
CMS Compliance Conference, August 28, 2006



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## Examples of Audit Deficiencies



### Content of Claims Denial Notices

- ✓ No notices issued
- ✓ Incomplete or unclear notices
- ✓ Contained information not approved by CMS

### Timeliness: Clean Claims paid late

- ✓ Did not pay within 30 days
- ✓ Interest-not paid or paid late

**Notices:** not sent timely, misclassified cases in universe

### Appeals:

- ✓ Not paid on time
- ✓ Not authorized on time
- ✓ Not sent to IRE on time
- ✓ Not sent to IRE for dismissal

Source: CMS Compliance Conference, August 28, 2006 (summarized)



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## Top CMS Compliance Requirements for Part D



### Goal:

- ✓ Ensure "strict and consistent adherence" to regulatory and program requirements through *data analysis and audit activity*

### Chapter 9 Requires Program to Detect and Prevent Fraud, Waste and Abuse

- Robust compliance program including procedures to detect fraud and self-report identified violations
- Plan accountability and oversight of contractors, sub-contractors
- Review and analysis of contractor data to ensure accuracy
- Process to identify over-underpayments
- Process for full disclosure upon request of all pricing decisions, related data and pricing records, rebates
- Certification and process to remove any excluded providers
- Extensive monitoring/auditing activities



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## Anticipated Part D Audit Activity



- Desk and onsite audits will be performed by government and contractors:
  - Auditing of prescription drug claim reversals
  - Discounts
  - Rebates
  - Overpayments
  - Enrollment
  - Appeals/Grievances,
  - Prescription Drug Event file (PDE)
  - RDS
  - TrOOP



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## Examples of Compliance Issues



- CMS Risk Adjustment Audits
- Breakdown in Processes with Downstream Entities (Part D, MA-PD)
- Prescription Drug Event File (PDE)
- Application of Low Income Subsidy
- TrOOP
- Retiree Drug Subsidy (RDS)



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