



## ESSENT HEALTHCARE, INC.

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<b>Section: Corporate Compliance</b>	<b>Effective Date: 04/01/08</b>
<b>Subject: Medicare/Medicaid Audits</b>	<b>Revision Date: 11/18/09</b>
<b>Policy #: CC-10</b>	<b>Review Date: 11/18/09</b>
<b>Responsible Party: Corporate Compliance Officer</b>	<b>Revision #: 3</b>

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**Scope:**

This policy applies to all Essent facilities.

**Purpose:**

The purpose of this policy is to establish protocols for responding to and tracking Recovery Audit Contractor (“RAC”) Audits, and other audits of federally funded programs (Medicare/Medicaid) including Office of Inspector General (“OIG”) Audits, Medicaid Integrity Contractor (“MIC”) Audits, Zone Program Integrity Contractor (“ZPIC”) Audits, and Medicare Administrative Contractor (“MAC”) or Fiscal Intermediary (“FI”) Audits.

**Policy:**

It is the policy of Essent Healthcare that all Medicare and Medicaid audits be coordinated through the Corporate Compliance Officer and the Corporate Director of Patient Financial Services using the RAC-Guard software.

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**Background:**

Recovery Audit Contractors (“RAC’s”) are Medicare’s first ever contingent fee contractors. What began as a three year demonstration project in 2005 will be expanded nationwide by no later than January 1, 2010. Going forward, RAC’s will be allowed to review claims that are up to three years old but may not review any claims paid before October 1, 2007.

In addition, several other entities have been engaged to retrospectively audit Medicare and Medicaid claims. These entities include the OIG, Fiscal Intermediaries “FI’s”, Medicare Administrative Contractors “MAC’s”, Zone Program Integrity Contractors “ZPIC’s”, Medicaid Integrity Groups “MIG’s”, Medicaid Integrity Contractors (“MIC’s”) and State Inspector Generals Offices. Therefore, it is essential that all claims submitted to any Federally Funded Program (such as Medicare or Medicaid) must be fully supported by medical record documentation.

**Procedure:**

1. Each facility shall designate a “RAC Coordinator” who will be the point person for handling and tracking all audit requests. The RAC Coordinator shall be trained in use of the RAC-Guard system and be responsible for ensuring that all deadlines are met.
2. All audits of Medicare or Medicaid shall be coordinated by the Corporate Compliance Officer (CCO)



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and the Corporate Director of Patient Financial Services (CDPFS).

3. All correspondence from any of the above listed organizations should be scanned into the RAC-Guard software including requests for medical records, demand letters, audit results, and notices of over/under payment. Once the correspondence is scanned and uploaded into the RAC-Guard system, email notification must be sent to the Corporate Compliance Officer and the Corporate Director of Patient Financial Services.
4. All audit activity must be tracked on each hospital's monthly compliance report card under the auditing tab.
5. All Essent facilities shall use the services of PHNS to review audit findings *for all denials resulting from medical record reviews*. In the event that the hospital, in consultation with PHNS, disagrees with the audit findings, the account should be appealed following the appropriate appeal timeline.
6. Upon review, PHNS shall enter its findings into the RAC-Guard database.
7. Each Essent facility must maintain a log to track the progress of each account selected for review including the initial request date, date results are received, and all appeal deadlines. The mandatory standard tracking log will be the RAC-Guard tracking system provided by The Wellington Group.
8. In cases where the RAC identifies errors, follow-up education shall be provided to reduce the likelihood of repeating the error in the future.