

Testimony of Robert Rolf
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Before the
Senate Committee on Appropriations
Subcommittee on Labor, Health and Human Services, Education and Related Agencies.

Hearing on Fighting Fraud and Waste in Medicare and Medicaid

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Good morning, Chairman Harkin, Ranking Member Shelby, and members of the Subcommittee:

My name is Rob Rolf. I am Vice President for CGI Federal (CGI), an information technology and business process services company that has been partnering with government for nearly 35 years. In my role, I am responsible for CGI's efforts to implement the Recovery Audit Contractor (RAC) program in Region B, which is comprised of seven states in the Midwest, as well as similar audit and recovery efforts that CGI performs for its state government and commercial clients. It is my pleasure to appear today before you at this hearing to discuss the role of RACs in the Medicare program.

Originally authorized by the Tax Relief and Healthcare Act of 2006, the Medicare Recovery Audit Contractor program is a nationwide program focused on the identification of improper payments made to hospitals, physicians, clinics, durable medical equipment suppliers and other providers of services under Medicare Parts A and B. The nationwide program follows a successful three year pilot that resulted in the identification of \$1 billion in improper payments from six states.

Under CGI's contract with CMS, CGI is tasked with the identification of improper payments utilizing both automated and manual claims review processes intended to identify provider overpayments and underpayments. Although most of this work involves catching improper payments on the back end, CGI fully supports all efforts to prevent such payments from happening in the first place. CGI currently assists CMS in the development of an improper payment prevention plan, a mission that CGI takes very seriously.

Since contract inception in February 2009, CGI, much like our fellow RACs, has worked diligently to implement the program in an open and transparent fashion. Our efforts to date involved extensive outreach to the provider community in each State served, through town hall style meetings, as well as internet and audio conferences, providing education on the program and CGI's processes. To date, CGI has conducted over 80 such meetings and taken over 15,000 calls at our call center, which we established to field provider questions and concerns.

In February 2010, CGI began sending notices of improper payments to the Medicare Claims Processors for recovery. As a result of CGI's experience with the RAC program, I'd like to share a few observations about this important CMS program and some lessons learned about recovery audit efforts with the Subcommittee:

- *Transparency and communication are critical to the success of the program.* It is important that RACs provide transparent information to Medicare providers regarding the program and the issues under investigation, as well as information about the basis for an improper payment determination. In this way, providers are kept informed during each step of the audit process. CGI also has established monthly conference calls with provider associations and continues to conduct provider outreach sessions to facilitate two-way communication. These activities will continue to enhance the program as it matures.
- *The contingency payment approach works well in practice.* Medicare Administrative Contractors (MACs) have many significant duties under the Medicare program, including claim review prior to payment. The MACs simply aren't able to catch every error or omission on the front end. The RACs have one primary mission – to catch improper payments on the back end and correct them. The contingency payment approach allows RACs to dedicate the necessary resources to this task. Contrary to some assertions, the contingency approach does not incentivize the pursuit of questionable recoveries or disincentivize the pursuit of underpayments for three important reasons. First, RACs do not get paid unless and until a recovery is received by the government. Second, fees earned on recoveries that end up reversed on provider appeals must be returned to the government. Third, RAC contractors receive an equal fee for finding provider underpayments.
- *The RAC program promotes continuous process improvement for claims processing and payment.* CGI participates along with the other RAC companies in major finding discussions with CMS. This process informs CMS of areas representing the greatest vulnerability to the program along with recommendations for corrective action. Additionally, CGI has identified situations where providers were paid in a manner that seemed incorrect, but was not addressed by an existing CMS rule forbidding payment. CGI informed CMS of the potential need for rule changes to close loopholes and front end coding edits to avoid future under/over payments. In other cases, CGI has reviewed provider billing and reimbursement situations that seemed to warrant investigation only to conclude that the arrangements were entirely appropriate. This review process provides an important check and balance function for and promotes continuous improvement of the claims payment system.
- *The potential for this contingency approach to expand to other areas across government has been recognized by Congress.* Several legislative provisions in the Affordable Care Act expand the RAC approach to Medicaid as well as Medicare Parts C and D and the Improper Payments Elimination and Recovery Act passed last year requires a RAC approach to improper payment recovery across federal agencies.

As the Medicaid RAC program is being implemented in each state, CGI is pleased to have been selected by the Commonwealth of Pennsylvania as its RAC contractor and by the Commonwealth of Massachusetts for improper payment reviews. Our contract in Pennsylvania is a continuation of over a decade of work in identifying improper

Medicaid payments in partnership with the Department of Public Welfare while our contract in Massachusetts represents a new partnership in providing recovery audit work.

While Medicare Parts C and D are significantly different programs than the work being performed in Parts A and B, CGI believes that the expansion of the RAC approach to these programs creates the potential for greater synergies to be found in contracting with single entities to perform both scopes of work. The lessons learned from current audits being conducted can be applied directly to the work of Part C plans. Similarly, having access to the Part D pharmacy data would allow a RAC to conduct audits that would not otherwise be possible if the medical and pharmacy data were audited separately.

Matching this data together allows for a deeper level of analysis that identifies improper payments across claims.

The Medicare RAC program is an essential element in the broader effort of program integrity. A comprehensive approach that CGI has been advocating for nearly two decades involves clearly defined program policies; pre-payment edit rules and audits of claims; post-payment recovery audits; and investigation of fraudulent activity. Each element is essential to ensuring compliance with the program and the ultimate goal of protecting the trust funds.

CGI prides itself on combining cutting-edge technology with years of domain expertise in creating valuable solutions for our clients. We are especially proud of our ability to deliver successfully on the RAC program by featuring our healthcare expertise and broad experience in audit recovery programs. More than that, CGI remains passionate about the opportunity to partner with CMS, and other public agencies, in one of the most critical “good government” efforts underway today.

I appreciate the chance to appear before you all today and would be pleased to answer any questions you may have.