

<b>CMS Manual System</b>	Department of Health & Human Services (DHHS)
<b>Pub 100-08 Medicare Program Integrity</b>	Centers for Medicare & Medicaid Services (CMS)
<b>Transmittal 360</b>	<b>Date: December 10, 2010</b>
	<b>Change Request 7241</b>

**SUBJECT: Corrective Action Reporting**

**I. SUMMARY OF CHANGES:** This change request requires the ACs/MACs to report to CMS on corrective actions and overpayment collections on a quarterly basis. CMS will begin to provide the ACs/MACs with a list of service-specific errors or vulnerabilities on a quarterly basis. CMS has sent OIG reports and accompanying claim data to the ACs/MACs and will continue to on a quarterly basis. The ACs/MACs shall complete reporting forms on both corrective actions taken and overpayment recoveries made. These deliverables are due on or around March 1, June 1, September 1 and December 1 with the first report due March 1, 2011.

This change request also adds two formats to Exhibit 18 that shall be used for corrective action and overpayment recovery reporting purposes.

**EFFECTIVE DATE: DECEMBER 1, 2010**

**IMPLEMENTATION DATE: January 12, 2011**

*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**

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
<b>R</b>	3/Table of Contents
<b>N</b>	3/3.17/Corrective Action Reporting Requirements
<b>R</b>	Exhibits/Table of Contents
<b>N</b>	Exhibit 18/Corrective Action Reporting Formats

**III. FUNDING:**

**For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:**

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

**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**

*\*Unless otherwise specified, the effective date is the date of service.*

# Attachment - Business Requirements

Pub. 100-08	Transmittal: 360	Date: December 10, 2010	Change Request: 7241
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**SUBJECT: Corrective Action Reporting**

**EFFECTIVE DATE: DECEMBER 1, 2010**

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## I. GENERAL INFORMATION

**A. Background:** The CMS often discovers Fee-for-Service (FFS) program vulnerabilities through the recovery audit contractor (RAC) program, the comprehensive error rate testing (CERT) program and through the course of internal CMS analysis. The CMS also receives reports and claims specific data from the Office of the Inspector General (OIG) on program vulnerabilities they identify through their independent audits. CMS takes vulnerability resolution through corrective action very seriously and requires a formal feedback mechanism to track corrective actions and overpayment recovery actions taken by the ACs and MACs.

**B. Policy:** This change request requires the ACs/MACs to report to CMS on corrective actions and overpayment collections on a quarterly basis. CMS will begin to provide the ACs/MACs with a list of service-specific errors or vulnerabilities on a quarterly basis. CMS has sent OIG reports and accompanying claim data to the ACs/MACs and will continue to on a quarterly basis. ACs/MACs shall complete reporting forms on both corrective actions taken and overpayment recoveries made. These deliverables are due on March 1, June 1, September 1 and December 1 with the first report due March 1, 2011.

This change request also adds two formats to Exhibit 18, that shall be used for corrective action and overpayment recovery reporting purposes.

## II. BUSINESS REQUIREMENTS TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B  M A C	D M E  M A C	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
7241.1	The ACs/MACs shall review the vulnerability list provided by CMS and provide detailed comments back to CMS.	x	x	x	x	x					
7241.2	The ACs/MACs shall submit the corrective actions report and the overpayment recovery reports to CMS on March 1, June 1, September 1, and December 1. If the due dates fall on a weekend or a holiday, the report shall be due on the closest business day after the weekend or holiday.	x	x	x	x	x					
7241.3	The ACs/MACs shall submit the response to CMS' quarterly memorandum regarding corrective action <b>and</b> overpayment recovery in Excel via email to the CMS contact indicated in the most recent memorandum.	x	x	x	x	x					

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B  M A C	D M E  M A C	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
7241.4	The ACs/MACs shall use the format "Corrective Actions Taken on CMS and OIG Identified Vulnerabilities Format" located in Exhibit 18 for corrective action reporting purposes. The format may be readjusted for use in Excel but all fields shall be completed.	x	x	x	x	x					
7241.5	If the AC/MAC does not plan on conducting review or cannot conduct review on the OIG claims information, the AC/MAC shall indicate that no medical review will be conducted and indicate the reason why no medical review or overpayment recovery will be conducted on the particular claims set.	x	x	x	x	x					
7241.6	The ACs/MACs shall include the Medicare contractor number, the OIG audit number (e.g., A-01-08-00528) and the cumulative amount collected on the overpayments resulting from each audit. In addition, the ACs/MACs shall indicate the "final reporting date" in the reporting document when the recovery process has been completed for an OIG audit.	x	x	x	x	x					
7241.7	The ACs/MACs shall use the form titled "Overpayment Recovery on OIG claims Format" located in Exhibit 18 for overpayment recovery reporting purposes. The format may be readjusted for use in Excel but all fields shall be completed.	x	x	x	x	x					
7241.8	The ACs/MACs shall submit their first reports for both corrective actions and overpayment recovery on March 1, 2011.	x	x	x	x	x					

**III. PROVIDER EDUCATION TABLE**

**IV. SUPPORTING INFORMATION**

**Section A: For any recommendations and supporting information associated with listed requirements, use the box below: N/A**

X-Ref Requirement Number	Recommendations or other supporting information:

**Section B: For all other recommendations and supporting information, use this space: N/A**

## V. CONTACTS

### **Pre-Implementation Contact(s):**

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### **Post-Implementation Contact(s):**

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## VI. FUNDING

### **Section A: For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs), and/or Carriers**

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

### **Section B: 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.

# Medicare Program Integrity Manual

## Chapter 3 - Verifying Potential Errors and Taking Corrective Actions

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### Table of Contents

*(Rev.360, Issued: 12-10-10, Effective: 12-01-10, Implementation: 01-12-11)*

*3.17 - Corrective Action Reporting Requirements*

### **3.17 – Corrective Action Reporting Requirements** (Rev. 360, Issued: 12-10-10, Effective: 12-01-10, Implementation: 01-12-11)

#### **A. General**

*This section applies to affiliated contractors (ACs) –FIs and carriers and MACs. ACs/ MACs shall submit their first reports for both corrective actions and overpayment recovery on March 1, 2011.*

*The CMS will provide information to the ACs/MACs regarding CMS and OIG- identified vulnerabilities via Joint Signature Memoranda/Technical Direction Letters (JSM/TDLs). The JSM/TDLs will be sent to the ACs/MACs each quarter on or around January 1, April 1, July 1 and October 1.*

#### **B. Corrective Action Reporting on CMS and OIG Identified Vulnerabilities**

*The CMS will provide the ACs/MACs with a list of errors/vulnerabilities on a quarterly basis. These errors/vulnerabilities may be uncovered by the CERT program, the RAC program, OIG audits, through internal CMS analysis or other means. The ACs/MACs shall review the list and provide detailed comments back to the CMS. The detailed comments shall include any corrective actions: 1) taken by the AC/MAC, 2) in progress by the AC/MAC, 3) planned by the AC/MAC for future action, or 4) suggested by the AC/MAC for CMS to undertake in the future. Detailed comments may also include any pertinent background or other information deemed important by the AC/MAC.*

*The ACs/MACs shall submit their response, including detailed comments to CMS on or before March 1, June 1, September 1, and December 1. If the due dates fall on a weekend or a federal holiday, the ACs/MACs shall submit the report on the closest business day after the weekend or holiday. The ACs/MACs shall submit their response in Excel via email to the CMS contact indicated in the most recent JSM/TDL from CMS which includes the list of errors/vulnerabilities. The ACs/MACs shall use the format “Corrective Actions Taken on CMS and OIG-Identified Vulnerabilities Format” located in Exhibit 18 for reporting purposes. The AC/MAC has the discretion to readjust the format for use in Excel but all fields shall be completed.*

#### **C. Overpayment Recovery Reporting**

*The CMS will provide the ACs/MACs with specific claims information from Office of the Inspector General (OIG) audits on a quarterly basis via JSM/TDLs. These specific claims have not been reviewed by the OIG and overpayments have not yet been identified. The ACs/MACs have the discretion to review these specific OIG-identified claims. The ACs/MACs shall report overpayment recoveries pertaining to the specific OIG-identified claims to the CMS on a quarterly basis. If the AC/MAC does not plan on conducting review or cannot conduct review on the specific OIG-identified claims, the AC/MAC shall indicate that no medical review will be conducted and shall also indicate the reason why no medical review and/or overpayment recovery will be conducted on the particular claims set. The reporting shall include the Medicare contractor number, the OIG audit number (e.g., A-01-08-00528, OEI-01-04-0060) and the cumulative amount collected on the overpayments resulting from the specific set of OIG-*

*identified claims. The cumulative amount shall include appeals. CMS will indicate the “final reporting date” in the reporting document when the recovery process has been completed for a specific set of OIG-identified claims. CMS will indicate when the report shall be closed. The ACs/MACs have the discretion to report on overpayments that have been referred or are uncollectable at this time resulting from the specific set of OIG-identified claims.*

*The ACs/MACs shall submit their response to CMS on or before March 1, June 1, September 1, and December 1. If the due dates fall on a weekend or a federal holiday, the ACs/MACs shall submit the report on the closest business day after the weekend or holiday. ACs/MACs shall submit their response in Excel via email to the CMS contact indicated in the most recent JSM/TDL from CMS which includes the claim information and report number. The ACs/ MACs shall use the format titled “Overpayment Recovery on OIG Claims Format” located in Exhibit 18 for reporting purposes. AC/MAC has the discretion to readjust the format for use in Excel. The AC/MAC shall complete all fields in the format except for the one optional column. ACs/MACs have the discretion to complete the column titled “Overpayments referred or uncollectable (in dollars).”*



# Medicare Program Integrity Manual

## Exhibits

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### Table of Contents

*(Rev. 360, Issued: 12-10-10)*

18 – *Corrective Action Reporting Formats*

