

## Prepayment Review and the ADRs



Zone Program Integrity Contractors (ZPICs) and Medicare Administrative Contractors (MACs) have continued to focus on prepayment review. Unlike with post-payment audits, there is very little a provider placed on prepayment review can do to identify and remedy noted deficiencies. Prepayment audits have grave consequences for healthcare providers, [as we've written previously](#) . Often times, the result of a prepayment audit is that a provider will be placed on prepayment review for up to a year with little or no notice and no concrete way of getting out of the review.

### **Notice of Prepayment Review**

A peril of prepayment review is that MACs and ZPICs do not typically inform providers before they are placed on prepayment audit. In rare cases, we have seen providers get a letter from the MAC, which informs the provider they are on prepayment review and that they should anticipate Additional Documentation Requests (ADR) soon. Most of the time, a provider finds out it has been placed on prepayment review only after receiving the ADR. A provider may be subject to an unannounced visit from the MAC or ZPIC, who will be looking for additional documentation. This lack of notice often takes providers by surprise. Unfortunately, sometimes the mere allegation of fraud leads to prepayment review, which sometimes harms innocent providers. Last year in [New Mexico](#), fifteen behavioral health care providers were put on prepayment review based on “credible allegations of fraud.” Below is an interactive presentation outlining the ADR process (note: the outline focuses on CGS ADRs, but the information is useful for all other MACs)

## Cost of Prepayment Review

Prepayment review is expensive for providers because claim determinations are made after the provider has already performed services, but before any claim payment is made. Once an Additional Documentation Request (ADR) is received for a particular claim, providers are tasked with compiling information and justifying that specific treatment date. **CMS requires all pertinent records on that specific patient, not just the date under review, to not only justify the claim as billed, but also demonstrate medical necessity in general.** Once receiving the ADR documentation, the MAC has **30 days** to review the materials and make a decision on the status of the claim (60 days if the ADR is for third party Liability).<sup>[1]</sup> Only once the claim has been reviewed will the provider receive an Explanation of Benefits (EOB) from its ZPIC or MAC. As explained in detail in the above presentation, the claim is either allowed, partially allowed, denied, or marked as having illegible/absent signatures. The previously referenced New Mexico Behavioral Health providers had their Medicaid reimbursements suspended during prepayment review and could not afford to pay their staff, rent, or other bills. They tried suing the state, seeking an injunction that would restore funding. The providers argued that they had been denied due process by not being told what the precise charges were against them, and that at the end of the day those suffering the most were their patients. **They were denied the injunction**

## The Prepayment Review Solution

Upon receiving notice of prepayment review, providers often scramble for a solution, but there is no escaping the tedious process required to be released from prepayment review. Once every ADR is received and responded to, it is incumbent on the provider to seize this opportunity to improve their business. **Prepayment reviews and ADRs are not randomly assigned**, there are complex formulas and red flags that determine whether a provider is at risk for being placed under review. We recommend an on-site gap analysis performed by experts, a thorough review of the entire practice, and a complete compliance plan tailored to your practice's exact requirements. While performing these tasks after receiving ADRs can go a long way to prevent further action, **taking these crucial steps before an audit** greatly improves your chances of quickly escaping prepayment review. Call us toll-free at 1-800-475-1906 to discuss any aspects of prepayment review and MAC/ZPIC

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[1] <http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/pim83c03.pdf>