

Testimony of Robert Rolf
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Senate Homeland Security & Governmental Affairs Committee
Subcommittee on Federal Financial Management, Government Information, Federal Services
and International Security.

Hearing on Preventing and Recovering Government Payment Errors

July 15, 2010

Good afternoon, Chairman Carper, Ranking Member McCain, 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 examine the use of RACs in the Medicare program.

Under CGI's contract with CMS, CGI is tasked with the identification of improper payments made to hospitals, physicians, clinics, and other providers of services under Medicare Parts A and B. This work involves conducting audits of claims paid after October 1, 2007, 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 10,000 calls at our help desk, 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 has also established monthly conference calls with provider associations and continues to conduct provider outreach sessions which 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 to 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.
- *Through a combined use of technology and professional medical staff, CGI is able to remove much of the subjectivity from the recovery audit process.* In conducting claims review, CGI extensively employs information technology in the form of algorithm driven programs and advanced analytics that analyze claims and payments and can objectively identify erroneous overpayments and underpayments. CGI's development of its audit processes and the underlying technology capability is heavily dependent on input from our professional staff members who have extensive medical expertise. CGI's team includes physicians, pharmacists, nurses, health information professionals, fraud investigators, claim auditors and data analysts with extensive backgrounds in medical review. CMS provides oversight of this process through a detailed review and approval of all audit categories the RACs intend to pursue. Additionally, CMS has contracted with a RAC Validation Contractor who independently reviews on a monthly basis a sample of each RACs audit findings for accuracy.

- *There is the potential for this contingency approach to expand to other areas across government.* Several legislative provisions in the Affordable Care Act expand the RAC program to Medicaid as well as Medicare Parts C and D. Now, thanks to your leadership, Chairman Carper and Ranking Member McCain along with Senator Lieberman, Senator Collins, Senator McCaskill and Senator Coburn, CGI believes that the expected final passage of S. 1508, The Improper Payments Elimination and Recovery Act, combined with OMB FY12 budget guidance, will focus agency attention on this topic in an unprecedented fashion across the entire Federal Government. As a leader in this field, CGI feels confident that other federal agencies can leverage some of our successful efforts with state, municipal, and commercial clients. For example, in the last year alone, CGI has helped the Pennsylvania Department of Public Welfare recover \$30 million in improper payments under the Commonwealth's Medicaid program. Beyond healthcare, CGI has partnered with 20 states to dramatically increase delinquent collections by 10-35% from taxpayers who fail to file returns or who file but do not pay all that they owe. These implementations, many on a similar, benefits-funded model, have resulted in over \$1 billion in additional revenue collected without raising taxes. Finally, CGI has partnered with many of its banking, financial services and other commercial clients on similar efforts that increase revenues by anywhere from 5-20%.

When expanding into new areas for recovery audit it is important to note that while there are many similarities there will be some differences in approach from the program in place with Medicare parts A and B. One of these areas is the expansion into the Medicaid program. Unlike the Medicare program that has a high degree of standardization across the country, each state Medicaid program is structured differently and has its own unique payment regulations, data sources and levels of managed care penetration. This will require a RAC to treat each state uniquely during the implementation of the program. States also have varying levels of experience with benefit funded or contingency fee contracting with some utilizing the approach for many years and others having no experience at all.

One area that is a common lesson learned from any recovery audit program whether in healthcare claims or other payment areas is the need for a robust process to recover funds identified by a RAC as improper. Often overlooked in the process of starting a recovery audit program is the need for well defined policies, processes and often systems to facilitate the recovery of the improper payments RACs will identify. Companies such as those before you today are adept at analyzing and identifying improper payments out of the millions of transactions that occur in programs each year. However, without the necessary infrastructure to recover the funds the government will be slow to realize the benefit a RAC program can bring.

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 its healthcare expertise and broad experience in audit recovery programs. More than that, CGI remains passionate about the opportunity to

partner with CMS, and hopefully other federal 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.