

Health Headlines

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OIG Issues Report on Audit MICs

The U.S. Department of Health and Human Services (HHS) Office of Inspector General (OIG) issued a report on March 20, 2012 on CMS's Audit Medicaid Integrity Contractors (Audit MICs)—“Early Assessment of Audit Medicaid Integrity Contractors” (Audit MIC Report). This report, along with a companion study released in February 2012, “Early Assessment of Audit Medicaid Integrity Contractors” (Review MIC Report), offers insight into the “overall effectiveness of Medicaid integrity contractors and the Medicaid Integrity Program.” Review MICs are charged with identifying potential overpayments, while Audit MICs perform audits of providers who potentially received Medicaid overpayments.

According to the Audit MIC Report, the purpose of the OIG's review was twofold: (1) to determine the extent to which Audit MICs identified overpayments; and (2) to identify barriers that hindered the identification of overpayment by the Audit MICs. As in the Review MIC Report, the study examined Audit MIC results for a six month period—January 1, 2010 through June 30, 2010. During this six-month period, CMS assigned Audit MICs 370 audit targets with \$80 million in potential overpayments. According to the Audit MIC Report, 81 percent of the audits did not (or are unlikely to) identify overpayments. The OIG further provides that only 11 percent of assigned audits were completed by the Audit MICs which resulted in the identification of \$6.9 million in overpayments. Of the \$6.9 million in identified overpayments, \$6.2 million was a result of seven collaborative audits involving Audit MICs, Review MICs, state agencies and CMS.

The Audit MIC Report suggests that the Audit MICs' inability to identify significant overpayments was a result of poorly identified audit targets. Specifically, the Audit MIC Report provides that the Audit MICs' ability to identify overpayments was hindered by the data used by the Review MICs to identify potential overpayments. According to the Audit MIC Report, 36 percent of the audit targets that resulted in audits with no overpayments were “mistakenly selected based on conclusions drawn from erroneous MSIS data.”

OIG recommends that CMS: (1) increase the use of collaborative audits; and (2) improve audit target selection in states that choose not to be involved in collaborative audits. CMS concurred with both recommendations and stated that it has redesigned its approach to audit assignments for Audit MICs. Additionally, CMS reiterated that it currently has several initiatives underway to improve the quality of data accessible to the Review MICs.

The Audit MIC Report is available by [clicking here](#). The Review MIC Report is available by [clicking here](#).

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