

Obama Mandates Increased Use of Medicare and Medicaid Payment Recapture Audits (Part I)

On March 10, 2010, President Obama issued a mandate to all Federal agencies to expand their use of Payment Recapture Audits. In the healthcare world, such audits are intended to identify fraud and abuse relating to Medicare and Medicaid claims, and to recover more overpayments. Payment Recapture Audits involve highly skilled accounting specialists and fraud examiners who use state-of-the-art tools and technology to examine payment records and uncover such problems as overpayments, duplicate payments, payments for services not rendered, and fictitious vendors. In order to incentivize the auditors, they are often paid on a contingency basis, with their compensation tied to the identification of “mis-spent funds”.

It is important to note that many audits are not only tied to clerical billing errors, but also are instituted in light of the manner in which compensation arrangements between healthcare practitioners (and others) are structured. In this increasingly complex landscape, it is becoming harder to differentiate between legitimate day-to-day business dealings among providers on the one hand and healthcare “fraud” on the other.

For this reason, it is critical for healthcare providers to be proactive in order to minimize their audit risk and/or limit their exposure to criminal prosecution for alleged healthcare fraud. Physicians and other providers need to understand the legal implications of how they do business in order to ensure that they can focus on what they do best – – provide quality healthcare to patients.

Our Firm’s healthcare clients are increasingly tempted to succumb to governmental or third-party payor pressure to settle overpayment allegations, despite the rendering of legitimate healthcare services. This is particularly true where threats of criminal prosecution or licensing agency reporting are dangled in front of the provider. This is why qualified legal representation is important if you are targeted for such an audit.

If you become the subject to an audit by a governmental agency or by a private insurance carrier, you should notify us immediately. Our Firm can help you to evaluate your options and ensure that you are dealt with in a fair manner.