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CMS To Expand Use of TPE Audits Nationwide by End of 2017

September 18, 2017 – Dorsey Health Law
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Perhaps lost amid the healthcare news coverage of competing proposals regarding "Medicare for All" and the repeal of Obamacare, the Centers for Medicare & Medicaid Services ("CMS") last month announced the expansion of its Targeted Probe and Educate ("TPE") claims review program to the entire country by the end of the year. CMS's announcement can be found here.

The expansion of the TPE program is welcomed by the provider community, many members of which view this as an opportunity for proactive education and corrective action with CMS, as opposed to the punitive approach taken under other Medicare programs that evaluate claims retrospectively and put the provider at risk of fines and other penalties if a mistake is discovered. During the recent pilot phase of the TPE program in four Medicare Administrative Contractor ("MAC") jurisdictions, CMS found decreases both in the number of claim errors after providers/suppliers received education and in the number of appealed claims decisions, which demonstrate that the program works to increase claims accuracy.

MACs, on behalf of CMS, review clinical documentation related to claims to prevent improper Medicare payments. Historically, when conducting an audit, MACs have reviewed all providers/suppliers billing a particular service. However, the approach under TPE will be different in that it will focus on only a subset of providers/suppliers. Specifically, MACs focus on those providers/suppliers identified through data analysis as having (a) the highest claim error rates or (b) billing practices that differ greatly from their peers with respect to those items/services (i) that pose the greatest financial risk to Medicare and/or (ii) that have a high national error rate.

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Another difference from prior audit programs is that providers/suppliers identified for the TPE program have a more manageable, limited number of claims (e.g., 20-40) reviewed, compared to the burdensome number of claims that have been audited in other Medicare programs. Following the claims review, CMS will provide individual education to address any errors found. This review and education process continues for up to three rounds. A helpful CMS flowchart outlining this process can be found here.

Providers/suppliers that demonstrate sufficient improvement may be excused from the TPE process following any round. On the other hand, providers/suppliers with persistent high error rates after three rounds of the TPE process may face consequences such as prepay review, extrapolation, RAC audits, or other actions.