CMS's Payment Dispute Resolution Program

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PFFS Adjudication

- CMS contracted with First Coast Service Options, Inc. (FCSO) to resolve payment disputes between non-contracted or deemed providers and PFFS plans
- Adjudications began January 1, 2009

PFFS Growth

- Created in 1997 to foster private health plan choices in areas of country where network managed care offerings were scarce
- Explosive growth with enactment of MMA
- Over 2 million beneficiaries were enrolled in 2008

PFFS Provider Payment Problems

- Providers generally paid according to Medicare FFS rules, but ....
- Some MA plans were not experienced in payment policies
- Rapid growth of PFFS stressed payment systems
- Result: Many complaints from providers regarding accuracy, timeliness, and lack of due process

Payment Dispute Resolution as a Remedy

- Providers complained: PFFS plans do not consistently reimburse at Original Medicare rates as required, or at their specified terms and conditions
- Providers now have: defined dispute resolution process by independent entity to ensure proper payment of claims

Contractor Actions

- Created Web-based manual for Providers and PFFS plans to learn more about the program
- Approximately 450 cases decided since January 1, 2009
- 70% of decisions were that plan underpaid resulting in more than $350,000 recovered for providers
- Averaging 47 days to resolve disputes

Payment Areas of Greatest Concern

- Home Health Agency Claims
- Physician Claims
- Lab Panel Pricing

Lessons Learned

- Some Plans not properly using pricing tools
- Internal plan dispute processes not always well established

Process Overview

- CMS contracts with FCSO as the Payment Dispute Resolution Contractor for non-contracted provider payment disputes
- FCSO receives a request for an independent decision on a payment dispute from the service provider
- FCSO notifies the plan of valid request, including name of the provider, patient, member number, and service dates

Effectuation Timeline

- If the decision is in favor of the provider, payment must be effectuated by plan within 30 days of the letter to the plan
- The plan must notify FCSO within 7 days of making payment
- FCSO reports late effectuations to CMS

Data Analysis

- Data will be evaluated by type of service to identify if there are specific services that are frequently overturned and, if possible, determine why these services are most frequently overturned.

Compliance Concerns

- Effectuation – late or not at all
- High overturn rate
- CMS has and will continue to monitor performance and take appropriate compliance actions

The Next Steps

- Promoting Services
- Improved Technical Guidance
- Expanding Scope to all Medicare Advantage product types

Promoting Services

- CMS issued 2 HPMS memos to Plans on 11/25/2008 and 1/2/2009
- All PFFS plans included in terms and conditions that a contractor was available to providers to resolve payment disputes
- CMS notified major provider associations about the program
- Additional outreach has begun

Improved Technical Guidelines

- CMS Stakeholder Group meets bi-weekly to resolve policy and operational issues
- Developed PFFS Payment Dispute Manual as resource for Plans and Providers

Expanding to All of Medicare Advantage

- Begin resolving payment disputes for all non-contracted providers for all MA Plan types January 2010
- Payment disputes involving down-coding of claims and the related medical necessity determinations will be included

Summary

The Adjudication Contract is providing:

- Support for providers and Plans
- Enhancing technical guidance and education related to proper payment
- Greater provider confidence in our program
- A spotlight on the most consistently incorrect payers or those faulty payment systems

QUESTIONS?

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