



**American Hospital
Association**

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STATEMENT ON S. 1012, THE MEDICARE AUDIT IMPROVEMENT ACT

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The AHA strongly supports the Medicare Audit Improvement Act of 2013 (S. 1012), introduced by Senators Mark Pryor (D-AR) and Roy Blunt (R-MO). It will provide needed improvements to the CMS audit process by adding oversight to audit contactors. It is important that Congress levels the playing field between hospitals and auditors.

Congress established the audit program to ensure the accuracy of Medicare and Medicaid payments, and America's hospitals recognize the need to identify billing errors. They take seriously their obligation to properly bill for the services they provide to Medicare and Medicaid beneficiaries. This bill works to correct the assumption that auditors are impartial judges of Medicare payments when in reality they are paid on commission for finding claims to reject.

Hospitals are inundated with multiple auditing programs (Recovery Audit Contractors, or RACs, Medicare Administrative Contractors and Comprehensive Error Rate Testing Contractors). These duplicative audits, unmanageable medical record requests and inappropriate payment denials are overwhelming hospitals and diverting resources from patient care. According to an AHA survey, when hospitals decide to commit the time and resources necessary to fight RAC denials in the Medicare appeals process, they are successful at overturning the RAC denial 72 percent of the time.

This legislation provides much needed guidance for auditors while keeping them out of making medical decisions that should be between patients and their physicians. It also will improve

recovery auditor transparency and allow denied inpatient claims to be billed as outpatient claims when appropriate.

We applaud the leadership of Senators Pryor and Blunt for introducing this important legislation and encourage quick passage by Congress.

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