# The 7 Stages of Zone Program Integrity Contractor Audits and Appeals

## STAGE 1

### ZPIC Review (Initial Determination)

ZPICs identify target areas based on:

- Investigations
- OIG and law enforcement instructions
- Congressional mandates
- **Data Mining**

ZPIC sends medical records request letter to providers asking for specific claims. Providers have 15 to 30 days to submit documentation. Approximately 6 to 18 months later, ZPIC will send results letter. Often **denials of 70 to 100% of claims.** Days or weeks after receipt, providers will get **demand letter** from Medicare administrative contractor (MACs).

## STAGE 2

### Rebuttal

Must be filed within **15 days** of date of demand letter.

Rebuttal offers providers the first opportunity to provide explanation and argument regarding audit results and process. However, because of the tight filing deadline, focus should be on reasons why contractors should not begin recoupment activities. However, not legally necessary to continue appeals process.

**Recoupment –** Recoupment (a.k.a. offset or withhold) is a government action which takes future payments and applies them to alleged overpayments, regardless of whether providers have had a fair chance to defend the claims. It may begin 41 days after the date of the demand letter.

## STAGE 3

### Redetermination

Must be filed within **120 days** of receipt of the demand letter.

Must be filed with **30 days** of **date** of the demand letter to delay recoupment.

Redeterminations are filed with the Medicare administrative contractor who originally sent the demand letter. Because the MACs work so closely with the ZPICs, providers should not expect to win many claims at this level.

The MACs have 60 days to issue a decision (unless providers send in additional information after appeal, which increases the MACs' deadline by 14 days.)

## STAGE 4

### Reconsideration

Must be filed within **180 days** of receipt of redetermination decision (or, if partially favorable, receipt of revised overpayment).

Must be filed with **60 days** of **date** of redetermination decision to delay recoupment.

Must file any and all documentation at this stage

Reconsiderations are filed with Qualified Independent Contractors (QICs), who independently evaluate claims and statistical sampling procedures. However, providers have no opportunity for oral argument or hearing. QICs have 60 days to issue a decision (unless supplemental information is submitted, which increases the QICs' deadline by 14 days.)

## STAGE 5

### ALJ Appeal

Must be filed within **60 days** of receipt of reconsideration decision (or, if partially favorable, receipt of revised overpayment).

**Most important stage for providers**

ALJ appeals are filed with the Office of Medicare Hearings and Appeals. During this appeal, providers may explain their documentation and other relevant information to an Administrative Law Judge (ALJ), who will then make a ruling based on the hearing and his review. Although ALJs have 90 days to issue a decision, this process generally takes several months.

## STAGE 6

### MAC Appeal

Must be filed within **60 days** of receipt of ALJ decision.

If there is an error of law in the ALJ's decision or the decision was not based on the weight of the evidence, a provider may appeal to the Medicare Appeals Council (MAC). However, providers have no opportunity for oral arguments and the MAC have overturn favorable portions of ALJ decisions.

The MAC has 90 days to issue a decision, and it may decline to review a case altogether if there does not appear to be error in the ALJ's decision.

## STAGE 7

### Federal District Court

Must be filed within **60 days** of receipt of MAC decision.

Finally, a provider may file a complaint with the Federal District Court in its jurisdiction. This appeal is heard in an actual courtroom before a judge, with witnesses and testimony. This is a very formal and expensive matter.

Recoupment may begin 30 days after QICs decision.

Interest begins to accrue 30 days after demand letter until overpayment repaid or claims found favorable.