

# 2011. . . The Year of Compliance -- Avoiding ZPIC Audits and Suspension Actions



**(January 11, 2011):** ZPIC audits and suspension actions are a serious risk facing non-hospital providers today. As you recall at the end of 2010 we identified the [“Top Ten Health Care Compliance Risks for 2011.”](#)

The purpose of this and subsequent articles is to analyze two of those risks; **Zone Program Integrity Contractors** (ZPICs) and **Payment Suspension Actions**. Over the next few days we will be discussing these two risk areas in depth.

## I. ZPIC Audits and Suspensions are Here:

As discussed in our **“Top Ten”** article, we anticipate that ZPIC audits and ZPIC suspension actions will ratchet up in 2011. At the close of 2010, there already appeared to be an increase in the use of suspension actions by ZPICs in South Texas and in other areas of the country. In many instances, these actions were the result of sophisticated data mining techniques by ZPICs. While cases are initiated in a variety of ways (including, but not limited to whistleblower complaints, anonymous reports to the government’s fraud hotline, etc.), data mining is a key tool relied on by ZPICs and government agencies for targeting purposes.

After analyzing the data, ZPICs often send out requests for information or conduct site visits of health care provider facilities. These requests and / or site visits can result in medical reviews, demands for alleged overpayments, or lead to referrals to one or more government investigative agencies (such as the Department of Health and Human Services’ Office of Inspector General (HHS-OIG), the State Medicaid Fraud Control Unit (MFCU) and / or the Federal Bureau of Investigation (FBI)). Since established, ZPICs have clearly met their goal of developing “innovative data analysis methodologies for detecting and preventing Medicare fraud and abuse.” Rather than pursuing merely administrative overpayment cases, over the last six months, we have noted an increase in the number of cases referred to law enforcement for fraud investigation.

## II. ZPIC Zones in the United States:

While seven ZPIC zones have been identified, only three companies have been awarded ZPIC contracts at this time. Where ZPIC contracts remain pending, Program SafeGuard Contractors (PSC) are typically still operating and are conducting essentially the same duties as their ZPIC counterparts. The seven ZPIC zones include:

- 

**Zone 1- CA, NV, American Samoa, Guam, HI and the Mariana Islands.**

•  
**Zone 2-** includes; AK, WA, OR, MT, ID, WY, UT, AZ, ND, SD, NE, KS, IA, MO.

•  
**Zone 3-**MN, WI, IL, IN, MI, OH and KY.

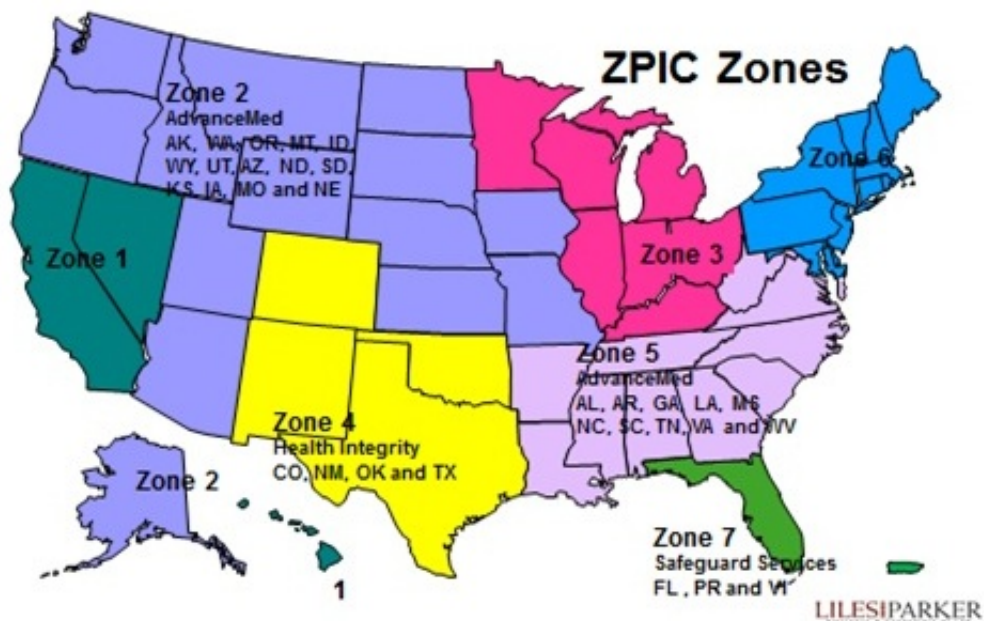
•  
**Zone 4-**CO, NM, OK, TX.

•  
**Zone 5-** AL, AR, GA, LA, MS, NC, SC, TN, VA and WV

•  
**Zone 6-** PA, NY, MD, DC, DE and ME, MA, NJ, CT, RI, NH and VT.

•  
**Zone 7-** FL, PR and VI

The following map reflects zones where the ZPIC contractor is currently operating. Each of the ZPICs listed below are actively sending out requests for information and / or conducting site visits. In a number of instances, the ZPICs have been noted to be suspending providers from the Medicare program based on variety of alleged statutory and / regulatory violations.



ZPICs have been very active in their site visits which have brought about Medicare suspension actions. In some cases, these site visits have resulted in allegations of “fraud or willful misrepresentation” with ZPIC’s contacting of CMS for approval to place the provider on payment suspension. In our next article, we will be examining the primary reasons cited by CMS when placing a provider on payment suspension status.

**Liles Parker attorneys have extensive experience representing health care providers in ZPIC initiated actions. Should your Physician Practice, Home Health Agency, Hospice Company, Physical / Occupational / Speech Therapy Clinic, Ambulance Company, Community Mental Health Center, Pain Clinic or other provider entity be audited by a ZPIC, give us a call for a free consultation. We can be reached at: 1 (800) 475-1906.**