Cunningham Group
Presents
Governmental Regulatory Insurance Coverage
RAC/ZPIC/STARK/EMTALA
Last Update March 2015
About Cunningham Group

- Cunningham Group has over 47 years of professional liability experience across the nation.

- Provides full spectrum of products
  - Medical Professional Liability
  - Home Healthcare Professional Liability
  - Non-Standard Physicians
  - Social Services
  - Managed Care
  - Directors & Officers (including EPL)
  - Regulatory Business Interruption
  - Network Security
  - MEDEFENSE™ Plus and e-MD™
Changing Regulatory Climate

The recent expansion of government regulations that address privacy and identity theft makes healthcare providers vulnerable for allegations of fraud, abuse and electronic data misuse.

- Recovery Auditor Contract Program (RAC)
- Zone Program Integrity Contractors, MAC, MIC
- Variety of State Laws
Recovery Audit Contractor (RAC) Program

- Aggressive program to find and prevent waste, fraud and abuse in Medicare and now, Medicaid

- Targeted classes include, but are not limited to:
  - Hospitals
  - Medical Groups
  - Physicians
  - Providers of Durable Medical Equipment
  - Outpatient Rehabilitation Facilities
  - Home Healthcare Agencies

- Audits conducted by third-party contractors — paid on contingency fee basis for overpayments they find.

- Three-year test program in California, Florida, New York, Massachusetts, South Carolina and Arizona collected over $900 million.

Source: http://www.medicalcodingaudits.com/
Types of Errors Found

- Information in medical record did not support the claim
- Discharge status/transfers – claim indicates discharge to home, but medical record indicates beneficiary was discharged to another hospital or home with home care
- Wrong number of units billed
- Medical necessity
- Incorrect payment amounts
- Non-covered services
- Incorrectly coded services
- Duplicate services
What is Covered

- Defense and Fines and Penalties Reimbursement For Billing Errors, HIPAA, EMTALA and STARK proceedings by:
  - Governmental Agencies
  - Qui Tam Plaintiff
  - Contractors Working On Behalf Of The Government
  - Commercial Payers

- EMTALA *(Emergency Medical Treatment and Active Labor Act)*
- STARK *(Physician Self-Referral)*
- HIPAA *(Patient Privacy)*
Summary Review

- Program covers legal fees, fines and penalties associated with government audits
- Restitution of Medicare and Medicaid payments is the purpose of this program
- Improved outcomes utilizing attorneys experienced in the appeals process
- Consent to settle is with the insured
- Approved Shadow Audits included in the program
Government Audit plus Cyber Coverage
Demand for Cyber/Privacy Insurance is Increasing

- Growing Problem
  - 662 publicized breaches in 2010 with over 16 million records exposed\(^1\)
  - Network threats and vulnerabilities are getting worse
  - Identity theft is now the #1 crime in the United States
  - Average data breach costs per year to an organization in 2010: $7.2 Million\(^2\)
  - 48 states have enacted privacy laws in just the last 5 years

- Large scale breaches in the news has increased public awareness
  - Sony Corp. (103 Million records)
  - Heartland Payment Systems (130 Million records)
  - RockYou, Inc. (32 Million records)

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1. Identity Theft Resource Center
What exactly constitutes Private Information?

- Electronic and Privacy Exposures:
  - Medical records (electronic and paper)
  - Billing information (credit cards, addresses, bank information, etc.)
  - Insurance information
  - Social Security numbers
  - Employee information
How do Breaches occur?\(^1\)

40% of breaches are caused by simple negligence
  • Lost laptops compromise the majority of this percentage (U.S. Airports report about 12,000 lost laptops per week\(^2\))

36% of breaches are caused by a system glitch
  • Technical and Programming Errors as well as electrical power surges

24% of breaches are caused by a malicious or criminal attack
  • Rogue employees make up a large component of this percentage followed by cyber crimes

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1. Five Countries: Cost of Data Breach, Presentation by Dr. Larry Ponemon, www.ponemon.org/
   local/upload/fckjail/generalcontent/18/file/2010%20Global%20CODB.pdf
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