

# Report on Medicare Compliance Volume 32, Number 39. October 30, 2023

## News Briefs: October 30, 2023

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◆ In an Oct. 24 memo, CMS said that in January it will start auditing Medicare Advantage (MA) plan compliance with the utilization management requirements in the 2024 MA final rule published in the April 12 *Federal Register*.<sup>[1]</sup> The rule, which was warmly greeted by the provider community, requires MA plans to follow the two-midnight rule, its case-by-case exception and the inpatient-only (IPO) list, among other requirements. The scope of the rule is broad. It states that “MA organizations may not limit coverage through the adoption of policies and procedures—whether those policies and procedures are called utilization management and prior authorization or the standards and criteria that the MA organization uses to assess and evaluate medical necessity—when those policies and procedures result in denials of coverage or payment where the Traditional Medicare program would cover and pay for the item.” According to the new memo, CMS’s Medicare Parts C and D Oversight and Enforcement Group “will begin conducting both routine and focused audits of organizations to assess compliance with the UM requirements finalized in CMS-4201-F. Routine program audits will be conducted as we have conducted them in the past. Focused audits will be limited in scope and duration.” CMS will give feedback to MA plans chosen for a focused audit. “It is somewhat reassuring that CMS has heard provider concerns and is not only working with MA plans to ensure they interpret the regulations properly but also plan to perform audits as the regulations become effective and not wait for complaints to accrue,” said Ronald Hirsch, M.D., vice president of R1 RCM.

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