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114TH CONGRESS
1ST SESSION

S. _____

[Report No. 114-_____]]

To amend title XVIII of the Social Security Act to improve the efficiency of the Medicare appeals process, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. HATCH, from the Committee on Finance, reported the following original bill; which was read twice and placed on the calendar

A BILL

To amend title XVIII of the Social Security Act to improve the efficiency of the Medicare appeals process, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Audit & Appeals Fairness, Integrity, and Reforms in
6 Medicare Act of 2015” or the “AFIRM Act”.

1 (b) TABLE OF CONTENTS.—The table of contents for
2 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Increased resources for the Office of Medicare Hearings and Appeals and the Departmental Appeals Board.
- Sec. 3. Establishment of Medicare magistrate review and revision of amount in controversy thresholds.
- Sec. 4. Remanding appeals to the redetermination level with the introduction of new evidence.
- Sec. 5. Expedited access to appeals.
- Sec. 6. Authority to use sampling and extrapolation methodologies and to consolidate appeals for administrative efficiency.
- Sec. 7. Identification and referral of fraud.
- Sec. 8. Study to assess hearing participation.
- Sec. 9. Improvements to the Office of Medicare Hearings and Appeals.
- Sec. 10. Review program improvements.
- Sec. 11. Creation of Medicare Provider and Supplier Ombudsman for Reviews and Appeals.
- Sec. 12. Limiting the audit and recovery period for patient status reviews.
- Sec. 13. Incentives and disincentives for Medicare contractors, providers, and suppliers.

3 **SEC. 2. INCREASED RESOURCES FOR THE OFFICE OF MEDI-**
4 **CARE HEARINGS AND APPEALS AND THE DE-**
5 **PARTMENTAL APPEALS BOARD.**

6 (a) IN GENERAL.—For fiscal year 2016 and for each
7 fiscal year thereafter, for purposes of conducting reviews,
8 hearings, and appeals under title XVIII of the Social Se-
9 curity Act, the Secretary of Health and Human Services
10 shall provide for the transfer from the Federal Hospital
11 Insurance Trust Fund under section 1817 of such Act (42
12 U.S.C. 1395i) and the Federal Supplementary Insurance
13 Trust Fund under section 1841 of such Act (42 U.S.C.
14 1395t), in such proportion as the Secretary may deter-
15 mine, of—

1 (1) \$125,000,000 to the Office of Medicare
2 Hearings and Appeals; and

3 (2) \$2,000,000 to the Departmental Appeals
4 Board of the Department of Health and Human
5 Services.

6 Amounts transferred under the preceding sentence shall
7 be in addition to any other amounts that may be available
8 for such purposes and shall remain available until ex-
9 pended.

10 (b) GAO STUDY AND REPORT.—

11 (1) STUDY.—The Comptroller General of the
12 United States shall conduct a study of the use of the
13 amount made available to the Office of Medicare
14 Hearings and Appeals under subsection (a) to deter-
15 mine whether the availability of such amounts led to
16 any improvements in the Medicare appeals program,
17 such as an increased number of appeals processed or
18 a decrease in the time required to process an appeal.

19 (2) REPORT.—Not later than December 31,
20 2018, the Comptroller General of the United States
21 shall submit a report to Congress on the study re-
22 quired under paragraph (1), together with rec-
23 ommendations for such legislative and administrative
24 actions as the Comptroller General determines ap-
25 propriate.

1 **SEC. 3. ESTABLISHMENT OF MEDICARE MAGISTRATE RE-**
2 **VIEW AND REVISION OF AMOUNT IN CON-**
3 **TROVERSY THRESHOLDS.**

4 (a) ESTABLISHMENT OF MEDICARE MAGISTRATE
5 PROGRAM.—

6 (1) IN GENERAL.—Section 1869(b) of the So-
7 cial Security Act (42 U.S.C. 1395ff(b)) is amended
8 by adding at the end the following new paragraph:

9 “(4) CONDUCT OF REVIEWS BY MEDICARE MAG-
10 ISTRATES.—

11 “(A) IN GENERAL.—The Secretary shall
12 establish within the Office of Medicare Hear-
13 ings and Appeals decision-making officials to be
14 known as Medicare magistrates.

15 “(B) MEDICARE MAGISTRATE DEFINED.—
16 For purposes of this section, the term ‘Medicare
17 magistrate’ means an attorney who is licensed
18 by a State, has expertise in this title (including
19 regulations and policies promulgated there-
20 under), meets such other qualifications as the
21 Secretary shall require, and who performs re-
22 views and renders decisions in appeals described
23 in paragraph (1)(E)(i)(II).

24 “(C) REQUIREMENTS FOR REVIEWS CON-
25 DUCTED BY MAGISTRATES.—The provisions of
26 this subsection and subsection (d) that govern

1 hearings and decisions by administrative law
2 judges (including provisions related to reviews
3 of decisions by administrative law judges by the
4 Departmental Appeals Board of the Depart-
5 ment of Health and Human Services) shall
6 apply to reviews and decisions by Medicare
7 magistrates in the same manner and to the
8 same extent as such provisions apply to hear-
9 ings and decisions by an administrative law
10 judge. The Secretary may establish by regula-
11 tion such other requirements and procedures as
12 may be necessary so that reviews by Medicare
13 magistrates are resolved fairly, efficiently, and
14 expeditiously.”.

15 (2) CONFORMING AMENDMENT.—Section
16 1869(b)(1)(A) of the Social Security Act (42 U.S.C.
17 1395ff(b)(1)(A)) is amended by inserting “and para-
18 graph (4)” after “subject to subparagraphs (D) and
19 (E)”.

20 (b) AMOUNT IN CONTROVERSY THRESHOLDS.—

21 (1) IN GENERAL.—Section 1869(b)(1)(E) of the
22 Social Security Act (42 U.S.C. 1395ff(b)(1)(E)) is
23 amended—

24 (A) by striking clause (i) and inserting the
25 following:

1 “(i) IN GENERAL.—Except as other-
2 wise provided in this section, subject to
3 clause (iii)—

4 “(I) a review by a Medicare mag-
5 istrate under paragraph (4), or a
6 hearing by an administrative law
7 judge under this subsection or sub-
8 section (d), shall not be available to
9 an individual if the amount in con-
10 troversy is less than \$150;

11 “(II) a review by a Medicare
12 magistrate under paragraph (4) shall
13 be available to an individual if the
14 amount in controversy is equal to or
15 greater than the amount specified in
16 subclause (I) but less than the
17 amount specified in subclause (III);
18 and

19 “(III) a hearing by an adminis-
20 trative law judge shall be available to
21 an individual under this subsection or
22 subsection (d) if the amount in con-
23 troversy is equal to or greater than
24 \$1,500.”;

25 (B) in clause (iii)—

1 (i) by striking “For requests for hear-
2 ings” and inserting “For requests for
3 Medicare magistrate reviews, hearings,”;

4 (ii) by striking “2004” and inserting
5 “2017”; and

6 (iii) by striking “2003” and inserting
7 “2016”; and

8 (C) by adding at the end the following new
9 clause:

10 “(iv) JUDICIAL REVIEW.—Judicial re-
11 view shall not be available to an individual
12 under this section if the amount in con-
13 troversy is less than the amount specified
14 in clause (i)(III).”.

15 (2) CONFORMING AMENDMENTS.—

16 (A) Section 1155 of the Social Security
17 Act (42 U.S.C. 1320c-4) is amended—

18 (i) in the second sentence, by striking
19 “\$200 or more” and inserting “equal to or
20 greater than the amount specified in sec-
21 tion 1869(b)(1)(E)(i)(III)”;

22 (ii) in the fourth sentence, by striking
23 “\$2,000 or more” and inserting “equal to
24 or greater than the amount specified in
25 section 1869(b)(1)(E)(i)(III)”;

1 (iii) by adding at the end the fol-
2 lowing new sentences: “Where the amount
3 in controversy is equal to or greater than
4 the amount specified in subclause (I) of
5 section 1869(b)(1)(E)(i) but less than the
6 amount specified in subclause (III) of such
7 section, such beneficiary shall be entitled
8 to a review by a Medicare magistrate in ac-
9 cordance with procedures established by
10 the Secretary pursuant to section 1869.
11 The provisions of section
12 1869(b)(1)(E)(iii) shall apply with respect
13 to the dollar amounts referred to in this
14 section in the same manner as they apply
15 to the dollar amounts specified in section
16 1869(b)(1)(E)(i).”.

17 (B) Section 1852(g)(5) of the Social Secu-
18 rity Act (42 U.S.C. 1395w-22(g)(5)) is amend-
19 ed—

20 (i) in the first sentence, by striking
21 “\$100 or more” and inserting “equal to or
22 greater than the amount specified in sec-
23 tion 1869(b)(1)(E)(i)(III)”;

24 (ii) in the second sentence, by striking
25 “\$1,000 or more” and inserting “equal to

1 or greater than the amount specified in
2 section 1869(b)(1)(E)(i)(III)”;

3 (iii) by inserting after the second sen-
4 tence the following new sentence: “If the
5 amount in controversy is equal to or great-
6 er than the amount specified in subclause
7 (I) of section 1869(b)(1)(E)(i) but less
8 than the amount specified in subclause
9 (III) of such section, such enrollee shall be
10 entitled to review by a Medicare magistrate
11 in accordance with procedures established
12 by the Secretary pursuant to section
13 1869.”; and

14 (iv) in the last sentence, by striking
15 “the first 2 sentences of”.

16 (C) Section 1876(c)(5)(B) of the Social
17 Security Act (42 U.S.C. 1395mm(e)(5)(B)) is
18 amended—

19 (i) in the first sentence, by striking
20 “\$100 or more” and inserting “equal to or
21 greater than the amount specified in sec-
22 tion 1869(b)(1)(E)(i)(III)”;

23 (ii) in the second sentence, by striking
24 “\$1,000 or more” and inserting “equal to

1 or greater than the amount specified in
2 section 1869(b)(1)(E)(i)(III)”;

3 (iii) by inserting after the second sen-
4 tence the following new sentence: “If the
5 amount in controversy is equal to or great-
6 er than the amount specified in subclause
7 (I) of section 1869(b)(1)(E)(i) but less
8 than the amount specified in subclause
9 (III) of such section, such member shall be
10 entitled to review by a Medicare magistrate
11 in accordance with procedures established
12 by the Secretary pursuant to section
13 1869.”; and

14 (iv) in the last sentence, by striking
15 “the first 2 sentences of”.

16 (c) CALCULATION OF AMOUNT IN CONTROVERSY FOR
17 THE AGGREGATION OF CLAIMS.—Section
18 1869(b)(1)(E)(ii) of the Social Security Act (42 U.S.C.
19 1395ff(b)(1)(E)(ii)) is amended—

20 (1) by redesignating subclauses (I) and (II) as
21 items (aa) and (bb), respectively, and indenting ap-
22 propriately;

23 (2) in the matter preceding item (aa), as so re-
24 designated, by striking “if the appeals involve” and
25 inserting the following: “if—

1 “(I) the appeals involve—”;
2 (3) in item (bb), as so redesignated, by striking
3 the period at the end and inserting “; and”; and
4 (4) by adding at the end the following new sub-
5 clause:

6 “(II) all claims that an individual
7 seeks to aggregate are included in the
8 same request for an aggregated ap-
9 peal.”.

10 (d) EFFECTIVE DATE.—The amendments made by
11 this section shall take effect on January 1, 2017.

12 **SEC. 4. REMANDING APPEALS TO THE REDETERMINATION**
13 **LEVEL WITH THE INTRODUCTION OF NEW**
14 **EVIDENCE.**

15 (a) IN GENERAL.—Section 1869(b)(3) of the Social
16 Security Act (42 U.S.C. 1395ff(b)(3)) is amended by
17 striking “A provider of services” and all that follows
18 through the period and inserting the following new sub-
19 paragraphs:

20 “(A) REMAND UPON SUBMISSION OF NEW
21 EVIDENCE.—

22 “(i) IN GENERAL.—Except as pro-
23 vided in subparagraph (B), when a party
24 to an appeal, other than an individual enti-
25 tled to, or enrolled for, benefits under part

1 A or enrolled under part B or the Centers
2 for Medicare & Medicaid Services or its
3 contractors, introduces new evidence into
4 the administrative record at a reconsideration
5 conducted by a qualified independent
6 contractor under subsection (c) or at any
7 subsequent, higher level of appeal, the appeal
8 shall be remanded for a de novo redetermination
9 under subsection (a)(3), and
10 any prior decisions (other than the initial
11 determination made by the Secretary pursuant
12 to subsection (a)(1)) on this appeal
13 shall be vacated.

14 “(ii) REQUIREMENTS.—For purposes
15 of clause (i), except to the extent otherwise
16 provided by the Secretary in regulations,
17 the provisions that apply to redeterminations
18 under subsection (a) and this subsection
19 shall apply to redeterminations of
20 appeals that are remanded.

21 “(B) EXCEPTIONS.—The provisions of
22 subparagraph (A) shall not apply in instances
23 where an adjudicator determines that introduction
24 of new evidence is justified due to—

1 “(i) an inadvertent omission or erro-
2 neous decision by a lower-level adjudicator
3 to omit the evidence from the administra-
4 tive record when that evidence was timely
5 submitted to the lower-level adjudicator by
6 a party to the appeal;

7 “(ii) a decision by a lower-level adju-
8 dicator to issue an unfavorable decision
9 based on new or different grounds than
10 were previously adjudicated; or

11 “(iii) such other circumstances for
12 good cause as the Secretary may establish.

13 “(C) NO APPEAL.—A decision to remand
14 an appeal under this paragraph shall not be
15 subject to appeal.”.

16 (b) EFFECTIVE DATE.—The amendments made by
17 this section shall take effect on January 1, 2017.

18 **SEC. 5. EXPEDITED ACCESS TO APPEALS.**

19 (a) IN GENERAL.—Section 1869(b)(1) of the Social
20 Security Act (42 U.S.C. 1395ff(b)(1)) is amended by add-
21 ing at the end the following new subparagraph:

22 “(H) EXPEDITED ACCESS TO APPEALS.—

23 “(i) DECISION ON THE RECORD.—Not
24 later than January 1, 2017, the Secretary
25 shall establish by regulation and implement

1 a process authorizing an administrative
2 law judge reviewing a decision pursuant to
3 this subsection or subsection (d) to issue a
4 decision on the record in cases where,
5 based on the evidence of record, there are
6 no material issues of fact in dispute and
7 the administrative law judge determines
8 that there is a binding authority that con-
9 trols the decision in the matter under re-
10 view.

11 “(ii) EXPEDITED ACCESS TO JUDICIAL
12 REVIEW NOT REQUESTED BY APPEL-
13 LANT.—The Secretary shall by regulation
14 establish a process authorizing an adminis-
15 trative law judge reviewing a decision pur-
16 suant to this subsection or subsection (d)
17 to certify the appeal for expedited access to
18 judicial review where—

19 “(I) the appellant does not re-
20 quest expedited access to judicial re-
21 view pursuant to paragraph (2);

22 “(II) there are no material issues
23 of fact in dispute; and

24 “(III) neither the administrative
25 law judge nor the Departmental Ap-

1 peals Board has authority to decide
2 the questions of law or regulation rel-
3 evant to the matters in controversy.

4 “(iii) APPLICATION OF HEARING
5 RULES TO DECISIONS ON THE RECORD.—
6 The provisions of subsection (d) that gov-
7 ern hearings by administrative law judges
8 shall apply to a decision issued by an ad-
9 ministrative law judge without a hearing
10 pursuant to clause (i) in the same manner
11 and to the same extent as such provisions
12 apply to a hearing by an administrative
13 law judge.

14 “(iv) EFFECT OF CERTIFICATION FOR
15 JUDICIAL REVIEW.—Notwithstanding sub-
16 section (d)(2), a decision to certify an ap-
17 peal pursuant to clause (ii) shall not be
18 subject to further review by the Secretary
19 and shall be deemed a final decision by the
20 Secretary as provided in section 205(g) (as
21 applied to this section) for purposes of de-
22 termining an individual’s entitlement to ju-
23 dicial review.”.

24 (b) CONFORMING AMENDMENTS.—

1 (1) Section 1155 of the Social Security Act (42
2 U.S.C. 1320c-4), as amended by section 3(b)(2)(A),
3 is amended—

4 (A) in the second sentence, by striking
5 “Where” and inserting “Subject to the suc-
6 ceeding sentences of this section, where”; and

7 (B) by adding at the end the following new
8 sentence: “The provisions of subparagraph (H)
9 of section 1869(b)(1) shall apply with respect to
10 decisions by an administrative law judge under
11 this section in the same manner as they apply
12 to decisions by an administrative law judge
13 under such subparagraph (H).”.

14 (2) Section 1852(g)(5) of the Social Security
15 Act (42 U.S.C. 1395w-22(g)(5)), as amended by
16 section 3(b)(2)(B), is amended—

17 (A) in the first sentence, by striking “An
18 enrollee” and inserting “Subject to the suc-
19 ceeding sentences of this paragraph, an en-
20 rollee”; and

21 (B) by adding at the end the following new
22 sentence: “The provisions of subparagraph (H)
23 of section 1869(b)(1) shall apply with respect to
24 decisions by an administrative law judge under
25 this paragraph in the same manner as they

1 apply to decisions by an administrative law
2 judge under such subparagraph (H).”.

3 (3) Section 1869(b)(1)(A) of the Social Secu-
4 rity Act (42 U.S.C. 1395ff(b)(1)(A)), as amended by
5 section 3(a)(2), is amended by striking “subpara-
6 graphs (D) and (E)” and inserting “subparagraphs
7 (D), (E), and (H)”.

8 (4) Section 1876(c)(5)(B) of the Social Security
9 Act (42 U.S.C. 1395mm(c)(5)(B)), as amended by
10 section 3(b)(2)(C), is amended—

11 (A) in the first sentence, by striking “A
12 member” and inserting “Subject to the suc-
13 ceeding sentences of this subparagraph, a mem-
14 ber”; and

15 (B) by adding at the end the following new
16 sentence: “The provisions of subparagraph (H)
17 of section 1869(b)(1) shall apply with respect to
18 decisions by an administrative law judge under
19 this subparagraph in the same manner as they
20 apply to decisions by an administrative law
21 judge under such subparagraph (H).”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 subsections (a) and (b) shall take effect on the date of
24 the enactment of this Act and shall apply to cases that
25 are pending as of such date.

1 **SEC. 6. AUTHORITY TO USE SAMPLING AND EXTRAPO-**
2 **LATION METHODOLOGIES AND TO CONSOLI-**
3 **DATE APPEALS FOR ADMINISTRATIVE EFFI-**
4 **CIENCY.**

5 (a) IN GENERAL.—Section 1869 of the Social Secu-
6 rity Act (42 U.S.C. 1395ff) is amended by adding at the
7 end the following new subsection:

8 “(j) **AUTHORITIES TO PROMOTE ADMINISTRATIVE**
9 **EFFICIENCIES.**—

10 “(1) **AUTHORITY TO CONSOLIDATE APPEALS.**—

11 “(A) IN GENERAL.—Any individual or en-
12 tity conducting redeterminations, reconsider-
13 ations, reviews, or hearings under subsection
14 (a)(3), (b), (c), or (d) (in this section, referred
15 to as an ‘adjudicator’) may consolidate pending
16 requests for review into a single action, and
17 may issue a single decision, or separate deci-
18 sions, with respect to such review requests—

19 “(i) if such requests involve one or
20 more common questions of fact or law for
21 similar claims submitted by the same indi-
22 vidual or entity;

23 “(ii) if such requests involve claims
24 that were included within a statistical sam-
25 ple during the initial determination or any
26 previous level of appeal;

1 “(iii) if the appellant requests aggreg-
2 gation of two or more claims under sub-
3 section (b)(1)(E)(ii); or

4 “(iv) in any other case in which the
5 adjudicator determines that consolidation
6 would promote administrative efficiency,
7 consistent with such standards as the Sec-
8 retary shall establish by regulation.

9 “(B) DEADLINES.—The Secretary may es-
10 tablish the applicable timeframe for requesting
11 consolidations and for issuing decisions on ap-
12 peals that have been consolidated.

13 “(2) REQUIREMENTS FOR CLAIMS THAT WERE
14 INCLUDED IN AN EXTRAPOLATED OVERPAYMENT OR
15 PREVIOUSLY CONSOLIDATED.—An individual or enti-
16 ty requesting a redetermination, reconsideration, re-
17 view or hearing under subsection (a)(3), (b), (c), or
18 (d) with respect to two or more claims that were in-
19 cluded in an extrapolated overpayment, or claims
20 that were consolidated into a single appeal at a
21 lower-level adjudication under this section, must sub-
22 mit a single request for review or hearing with re-
23 spect to such claims in order to be entitled to a re-
24 view or hearing.

1 “(3) AUTHORITY TO USE STATISTICAL SAM-
2 PLING AND EXTRAPOLATION METHODOLOGIES IN
3 ADJUDICATIONS.—With the consent of the appellant,
4 an adjudicator may use statistical sampling and ex-
5 trapolation methodologies in reaching a decision with
6 respect to a claim or claims for benefits for items or
7 services furnished under part A or B. When an ap-
8 peal involves a decision that was based on a statis-
9 tical sample at the lower level, the adjudicator’s de-
10 cision shall be based on the same statistical sam-
11 ple.”.

12 (b) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to requests for review that are
14 pending at any level of appeal as of the date of the enact-
15 ment of this Act and to those filed after such date.

16 **SEC. 7. IDENTIFICATION AND REFERRAL OF FRAUD.**

17 Not later than January 1, 2017, the Secretary of
18 Health and Human Services, in consultation with the In-
19 spector General of the Department of Health and Human
20 Services and the Attorney General of the United States,
21 shall establish and implement a process under which the
22 Office of Medicare Hearings and Appeals and the Depart-
23 mental Appeals Board of the Department of Health and
24 Human Services shall refer cases in which there is a cred-
25 ible suspicion of fraudulent activity to appropriate law en-

1 enforcement agencies and to the Centers for Medicare &
2 Medicaid Services.

3 **SEC. 8. STUDY TO ASSESS HEARING PARTICIPATION.**

4 (a) STUDY.—Not later than January 1, 2017, the
5 Secretary of Health and Human Services shall conduct a
6 study to determine whether it would be feasible to increase
7 the participation, with respect to hearings conducted by
8 the Office of Medicare Hearings and Appeals, of—

9 (1) the Centers for Medicare & Medicaid Serv-
10 ices;

11 (2) entities serving as qualified independent
12 contractors under section 1869(c) of the Social Se-
13 curity Act (42 U.S.C. 1395ff(c));

14 (3) entities serving as medicare administrative
15 contractors under section 1874A of such Act (42
16 U.S.C. 1395kk-1);

17 (4) entities services as recovery audit contrac-
18 tors under section 1893(h) of such Act (42 U.S.C.
19 1395ddd(h)); and

20 (5) other Medicare claims review entities deter-
21 mined appropriate by the Secretary.

22 (b) REPORT.—Not later than 1 year after the date
23 of the enactment of this Act, the Secretary of Health and
24 Human Services shall publish a report containing the re-
25 sults of the study required under subsection (a) on the

1 Internet website of the Department of Health and Human
2 Services.

3 **SEC. 9. IMPROVEMENTS TO THE OFFICE OF MEDICARE**
4 **HEARINGS AND APPEALS.**

5 (a) TRAINING FOR ALJS AND MEDICARE MAG-
6 ISTRATES.—Section 1869(e)(3) of the Social Security Act
7 (42 U.S.C. 1395ff(e)(3)) is amended—

8 (1) in the paragraph heading, by striking “AND
9 ADMINISTRATIVE LAW JUDGES” and inserting “, AD-
10 MINISTRATIVE LAW JUDGES, AND MEDICARE MAG-
11 ISTRATES; ANNUAL TRAINING FOR ADMINISTRATIVE
12 LAW JUDGES AND MEDICARE MAGISTRATES”;

13 (2) by striking “The Secretary” and inserting
14 the following:

15 “(A) CONTINUING EDUCATION REQUIRE-
16 MENT.—The Secretary”;

17 (3) by inserting “and, beginning in 2017, to
18 Medicare magistrates” after “administrative law
19 judges” the first place it appears;

20 (4) by striking “and administrative law judges”
21 and inserting “, administrative law judges, and
22 Medicare magistrates”; and

23 (5) by adding at the end the following new sub-
24 paragraph:

1 “(B) ANNUAL TRAINING.—Beginning with
2 2017, each year the Secretary shall provide to
3 each administrative law judge and Medicare
4 magistrate within the Office of Medicare Hear-
5 ings and Appeals training on Medicare policies,
6 including any policies that were changed or in-
7 stituted in the previous year.”.

8 (b) TREATMENT OF QIC DECISIONS.—Section
9 1869(d)(4) of the Social Security Act (42 U.S.C.
10 1395ff(d)(4)) is amended—

11 (1) in subparagraph (B), by striking “and” at
12 the end;

13 (2) in subparagraph (C), by striking the period
14 at the end and inserting “; and”; and

15 (3) by adding at the end the following new sub-
16 paragraph:

17 “(D) in the case of a review conducted on
18 or after January 1, 2017, of a decision by a
19 qualified independent contractor in which the
20 administrative law judge reaches a different de-
21 cision than the qualified independent con-
22 tractor, the reasons why the decision of the ad-
23 ministrative law judge differs from the decision
24 of the qualified independent contractor.”.

1 (c) PUBLICATION OF APPEALS INFORMATION.—Sec-
2 tion 1869(e) of the Social Security Act (42 U.S.C.
3 1395ff(e)) is amended by adding at the end the following
4 new paragraph:

5 “(5) PUBLICATION OF APPEALS INFORMA-
6 TION.—Not later than January 1, 2017, and annu-
7 ally thereafter, the Secretary of Health and Human
8 Services shall publish and maintain on the Internet
9 website of the Department of Health and Human
10 Services the following information, which may be ef-
11 fectuated through the use of statistical sampling, re-
12 garding appeals heard by the Office of Medicare
13 Hearings and Appeals for each fiscal year:

14 “(A) The percentage of appeals that re-
15 ceived fully favorable, partially favorable, and
16 unfavorable decisions.

17 “(B) For each administrative law judge,
18 the percentage of appeals that received fully fa-
19 vorable, partially favorable, and unfavorable de-
20 cisions.

21 “(C) For each type of service, the percent-
22 age of appeals that received fully favorable, par-
23 tially favorable, and unfavorable decisions.

1 (B) **METHODOLOGY.**—In conducting the
2 study required under this paragraph, the Comptroller General of the United States shall focus
3 on decisions rendered by the Office of Medicare
4 Hearings and Appeals not less than 1 year
5 after the date of the enactment of this Act and,
6 if the Comptroller so chooses, may use sampling
7 to identify decisions to evaluate.
8

9 (2) **REPORT.**—Not later than January 1, 2018,
10 the Comptroller General of the United States shall
11 submit a report to Congress on the study required
12 under paragraph (1), together with recommenda-
13 tions for such legislative and administrative actions
14 as the Comptroller General determines appropriate.

15 (e) **IDENTIFICATION OF INCONSISTENT INTERPRETA-**
16 **TIONS OF POLICIES ACROSS REVIEW ENTITIES.**—Not
17 later than January 1, 2017, the Secretary of Health and
18 Human Services shall establish and implement a process
19 for identifying policies or coverage determinations relating
20 to title XVIII of the Social Security Act that are most
21 frequently interpreted and applied differently by review
22 entities, Medicare magistrates, administrative law judges,
23 or the Department Appeals Board of the Department of
24 Health and Human Services. As a part of such process,
25 the Secretary shall, where appropriate, issue guidance or

1 take other administrative action to clarify how a policy or
2 coverage decision should be interpreted in order to prevent
3 future conflicting interpretations.

4 (f) STUDY AND REPORT ON ADMINISTRATIVE LAW
5 JUDGE SPECIALIZATION.—

6 (1) STUDY.—The Secretary of Health and
7 Human Services shall conduct a study to determine
8 if the specialization of administrative law judges
9 within the Office of Medicare Hearings and Appeals
10 by type of appeal would lead to more consistent deci-
11 sions by administrative law judges determining cases
12 with similar facts.

13 (2) REPORT.—Not later than January 1, 2018,
14 the Secretary of Health and Human services shall
15 submit to Congress a report containing the results
16 of the study required under paragraph (1), together
17 with recommendations for such legislative and ad-
18 ministrative action as the Secretary determines ap-
19 propriate.

20 (g) ALTERNATIVE DISPUTE RESOLUTION.—

21 (1) IN GENERAL.—Section 1869(b) of the So-
22 cial Security Act (42 U.S.C. 1395ff(b)), as amended
23 by section 3(a), is amended by adding at the end the
24 following new paragraph:

25 “(5) ALTERNATIVE DISPUTE RESOLUTION.—

1 “(A) IN GENERAL.—

2 “(i) REDETERMINATION AND RECON-
3 SIDERATION ADR PROCESS.—The Sec-
4 retary shall establish one or more alter-
5 native dispute resolution processes where-
6 by, at the Secretary’s discretion, an indi-
7 vidual or entity entitled to a redetermina-
8 tion under subsection (a)(3) by a medicare
9 administrative contractor or a reconsider-
10 ation under subsection (c) by a qualified
11 independent contractor may have the op-
12 tion to enter into alternative dispute reso-
13 lution with the Centers for Medicare &
14 Medicaid Services, consistent with the fol-
15 lowing:

16 “(I) During the alternative dis-
17 pute resolution process, the request
18 for review with respect to the claims
19 covered by the alternative dispute reso-
20 lution shall be suspended.

21 “(II) In the event that an alter-
22 native dispute resolution does not re-
23 sult in a settlement, the request for
24 review with respect to the claims cov-
25 ered by the alternative dispute resolu-

1 “(II) withdraw all requests for
2 review with respect to the claims cov-
3 ered by the settlement.

4 “(ii) NO JUDICIAL REVIEW.—There
5 shall be no administrative or judicial re-
6 view under section 1869, 1878, or other-
7 wise of the alternative dispute resolution
8 settlement and the claims covered by the
9 settlement.

10 “(C) COORDINATION WITH LAW ENFORCE-
11 MENT AND CMS.—The Secretary shall establish
12 a process under which the officers responsible
13 for conducting an alternative dispute resolution
14 process shall coordinate with appropriate law
15 enforcement agencies and the Centers for Medi-
16 care & Medicaid Services to avoid the inad-
17 vertent settlement of cases that involve fraud or
18 other criminal activity.

19 “(D) NO ENTITLEMENT TO ALTERNATIVE
20 DISPUTE RESOLUTION.—Nothing in this para-
21 graph shall be construed as creating an entitle-
22 ment to alternative dispute resolution.”.

23 (2) CONFORMING AMENDMENTS.—

24 (A) Section 1869(a)(3)(A) of the Social
25 Security Act (42 U.S.C. 1395ff(a)(3)(A)) is

1 amended by inserting “, subject to subsection
2 (b)(5),” after “regulations shall”.

3 (B) Section 1869(b)(1)(A) of the Social
4 Security Act (42 U.S.C. 1395ff(b)(1)(A)), as
5 amended by section 3(a)(2), is amended—

6 (i) by inserting “and paragraph (5)”
7 after “Subject to subparagraph (D)”; and

8 (ii) by striking “and paragraph (4)”
9 and inserting “and paragraphs (4) and
10 (5)”.

11 **SEC. 10. REVIEW PROGRAM IMPROVEMENTS.**

12 (a) IN GENERAL.—Section 1893 of the Social Secu-
13 rity Act (42 U.S.C. 1395ddd) is amended—

14 (1) in subsection (b), by adding at the end the
15 following new paragraph:

16 “(7) The review program improvements de-
17 scribed in subsection (j).”;

18 (2) by redesignating subsection (i) as subsection
19 (j); and

20 (3) by inserting after subsection (h) the fol-
21 lowing new subsection:

22 “(i) REVIEW PROGRAM IMPROVEMENTS.—

23 “(1) IN GENERAL.—”.

24 “(A) GUIDELINES.—

1 “(i) IN GENERAL.—To ensure uni-
2 formity and consistency in initial deter-
3 minations and appeals decisions relating to
4 the appropriateness of payment with re-
5 spect to items or services furnished under
6 this title, the Secretary shall ensure that
7 claim review guidelines are established for
8 reviewing claims for payment submitted by
9 providers of services and suppliers.

10 “(ii) REQUIREMENTS.—Prior to the
11 implementation of the claim review guide-
12 lines described in subparagraph (A)(i), the
13 Secretary shall—

14 “(I) approve the claim review
15 guidelines;

16 “(II) make the claim review
17 guidelines publicly available as de-
18 scribed in subparagraph (B);

19 “(III) ensure that review contrac-
20 tors apply the claim review guidelines
21 consistently, as appropriate; and

22 “(IV) ensure that Medicare mag-
23 istrates, administrative law judges,
24 and the Departmental Appeals Board

1 are trained in the application of the
2 claim review guidelines.

3 “(iii) TRANSITION PERIOD.—The Sec-
4 retary may provide for or establish one or
5 more transition periods, during which the
6 use of existing claim review guidelines for
7 reviewing claims submitted by providers of
8 services and suppliers shall be permitted to
9 continue until such time as the Secretary
10 is able to review and approve the claim re-
11 view guidelines established under this sub-
12 paragraph.

13 “(B) TRANSPARENCY.—

14 “(i) IN GENERAL.—The Secretary
15 shall ensure that the information described
16 in clause (iii)—

17 “(I) is published on the Internet
18 website of the Department of Health
19 and Human Services for not less than
20 30 days prior to its implementation;

21 “(II) remains available on such
22 Internet website after such publica-
23 tion; and

24 “(III) is updated at least annu-
25 ally.

1 “(ii) EXPEDITED PROCESS.—The Sec-
2 retary of Health and Human Services may
3 expedite the process described in clause (i)
4 for claims review guidelines that are ex-
5 pected to impact the improper payment
6 rate, frequency of denials of payment, or
7 costs to the Medicare program.

8 “(iii) INFORMATION DESCRIBED.—
9 The information described in this clause is
10 the following:

11 “(I) Subject to clause (ii) and
12 subparagraph (A), any new claim re-
13 view guideline approved for use under
14 this paragraph.

15 “(II) Any updates or revisions to
16 existing claim review guidelines.

17 “(C) LIMITATION.—Nothing in this section
18 is intended to—

19 “(i) delineate sample size or how
20 claims are to be selected for review;

21 “(ii) require the publication of algo-
22 rithms or methodologies used for claim se-
23 lection; or

1 “(iii) require the publication of infor-
2 mation that could promote fraud or poten-
3 tial gaming.

4 “(D) REVIEW CONTRACTOR DEFINED.—In
5 this subsection, the term ‘review contractor’
6 means—

7 “(i) a medicare administrative con-
8 tractor (as defined in section
9 1874A(a)(3)(A)) with a contract to con-
10 duct prepayment or post-payment reviews
11 of claims for payment by providers of serv-
12 ices or suppliers;

13 “(ii) a recovery audit contractor with
14 a contract under subsection (h); or

15 “(iii) any other contractor the Sec-
16 retary determines appropriate.

17 “(2) PROGRAM INTEGRITY INITIATIVES.—To
18 improve existing and future Medicare program integ-
19 rity initiatives, and to limit unnecessary burdens on
20 providers of services and suppliers, the Secretary
21 shall designate a point of contact to oversee and un-
22 dertake the following:

23 “(A) Develop a comprehensive strategy for
24 claim review determinations made on a prepay-

1 ment, post-payment, or prior-authorization
2 basis that—

3 “(i) focuses on identifying and reduc-
4 ing those claim errors that have the largest
5 impact on the improper payment rate, pose
6 the greatest risk to the Federal Hospital
7 Insurance Trust Fund under section 1817
8 of the Social Security Act (42 U.S.C.
9 1395i) or the Federal Supplementary Med-
10 ical Insurance Trust Fund under section
11 1841 of such Act (42 U.S.C. 1395t), or
12 are likely to negatively affect quality of
13 care;

14 “(ii) reduces unnecessary burden on
15 providers of services and suppliers and
16 minimizes any negative effects on Medicare
17 beneficiaries; and

18 “(iii) utilizes data and other sources,
19 including claims data, improper payment
20 rate data, and reports from the Office of
21 the Inspector General of the Department
22 of Health and Human Services, the Gen-
23 eral Accountability Office, the Medicare
24 Payment Advisory Commission, and the
25 media.

1 “(B) Develop methods to ensure, using all
2 available data, that review contractors do not
3 unnecessarily conduct duplicate reviews of spe-
4 cific individual claims.

5 “(C) To the extent possible given the spe-
6 cific mission of each entity that has contracted
7 with the Secretary, work with all review con-
8 tractors to develop a uniform, consistent, and
9 transparent review process to reduce the burden
10 on providers of services and suppliers to the
11 greatest extent possible, including a uniform
12 approach for such entities to notify parties of
13 pending reviews and to request medical docu-
14 mentation, improved communication with pro-
15 viders of services and suppliers, better refine-
16 ment of audits to target claims that are at the
17 highest risk for improper payments or other er-
18 rors, and any other areas in which the Sec-
19 retary determines that the burden on providers
20 of services and suppliers may be decreased.

21 “(D) Identify local coverage determina-
22 tions, national coverage determinations, regula-
23 tions, and program instructions issued by the
24 Centers for Medicare & Medicaid Services for
25 the Medicare program that need updating or

1 that inappropriately conflict with other Medi-
2 care policies and make modifications where ap-
3 propriate, and, if necessary, establish new poli-
4 cies or claim review guidelines with input from
5 stakeholders as appropriate.

6 “(E) Publish on the Internet website of the
7 Department of Health and Human Services the
8 volume and type of prepayment and post-pay-
9 ment claim reviews performed by medicare ad-
10 ministrative contractors under section 1874A of
11 the Social Security Act (42 U.S.C. 1395kk-1)
12 and recovery audit contractors under section
13 1893(h) of such Act (42 U.S.C. 1395ddd(h)).

14 “(F) Coordinate with the Office of Medi-
15 care Hearings and Appeals and the Depart-
16 mental Appeals Board of the Department of
17 Health and Human Services to ensure that the
18 improved claim review guidelines and evi-
19 dentiary standards established by the provisions
20 of, and the amendments made by, this Act,
21 such as the decision to remand an appeal, are
22 properly implemented.

23 “(G) Ensure that providers of services and
24 suppliers subject to post-payment review by a
25 medicare administrative contractor are granted

1 a discussion period with the contractor of at
2 least 30 days from the letter from the con-
3 tractor regarding the result of the review.

4 “(H) Develop qualification standards for
5 review contractors that require prepayment and
6 post-payment reviews of claims for payment
7 submitted by providers of services or suppliers
8 to be conducted or approved by medical doctors
9 with knowledge of relevant Medicare laws, regu-
10 lations, and program instruction, as appro-
11 priate.

12 “(I) Verify, through the use of sampling if
13 the Secretary so chooses, that decisions by re-
14 view contractors are consistent with Medicare
15 laws, regulations, and program instruction (tak-
16 ing into account geographical variations that
17 are a result of local coverage determinations).

18 “(J) Determine whether additional puni-
19 tive actions against ineffective review contrac-
20 tors could be taken and what, if any, financial
21 incentives or disincentives could be used to pro-
22 mote the accuracy of a review contractor’s re-
23 views.

24 “(3) MEDICARE PROVIDER CLAIM AUDIT INTER-
25 NET PORTAL.—

1 “(A) IN GENERAL.—The Secretary shall
2 establish a secure, Internet-based system (which
3 may be based on the existing database system
4 of claims under review used by review contrac-
5 tors or a similar existing system) through which
6 a provider of services, a supplier, or other ap-
7 propriate entity may track the status of any
8 claim for payment submitted by such provider
9 or supplier that is being audited or processed as
10 an appeal by—

11 “(i) a medicare administrative con-
12 tractor under section 1874A; or

13 “(ii) a qualified independent con-
14 tractor, Medicare magistrate, administra-
15 tive law judge, or the Departmental Ap-
16 peals Board of the Department of Health
17 and Human Services under section 1869.

18 “(B) FRAUD PREVENTION.—The Secretary
19 shall ensure that the system established under
20 paragraph (1) does not impede any ongoing in-
21 vestigations of potential fraud.

22 “(C) PROGRESS REPORT.—Not later than
23 180 days after the date of the enactment of this
24 Act, the Secretary shall submit a report to Con-

1 gress describing the plan to establish and oper-
2 ate the system described in paragraph (1).”.

3 (b) ANNUAL RAC REPORT.—Section 1893(h)(8) is
4 amended by inserting “, and, with respect to reports sub-
5 mitted after the date of the enactment of the Audit & Ap-
6 peals Fairness, Integrity, and Reforms in Medicare Act
7 of 2015, the number of claims corrected in the discussion
8 period, the percentage of appeals of determinations by re-
9 covery audit contractors that were ultimately successful,
10 a careful description of the denominator of total audits
11 and appeals (given the likelihood that many appeals in a
12 given year will not have a decision in that year), and sepa-
13 rate reports on complex Medicare part A, complex Medi-
14 care part B, semiautomated, and automated reviews” be-
15 fore the period at the end.

16 (c) INDEPENDENCE OF ADJUDICATORS.—Nothing in
17 this section or the amendments made thereby shall be con-
18 strued as authorizing the Secretary to limit the authority
19 or decisional independence of Medicare magistrates, ad-
20 ministrative law judges, or the Departmental Appeals
21 Board of the Department of Health and Human Services.

1 **SEC. 11. CREATION OF MEDICARE PROVIDER AND SUP-**
2 **PLIER OMBUDSMAN FOR REVIEWS AND AP-**
3 **PEALS.**

4 Section 1808 of the Social Security Act (42 U.S.C.
5 1395b–9) is amended by adding at the end the following
6 new subsection:

7 “(d) MEDICARE REVIEWS AND APPEALS OMBUDS-
8 MAN.—

9 “(1) IN GENERAL.—Not later than 1 year after
10 the date of the enactment of this subsection, the
11 Secretary shall appoint within the Centers for Medi-
12 care & Medicaid Services a Medicare Reviews and
13 Appeals Ombudsman.

14 “(2) DUTIES.—The Medicare Reviews and Ap-
15 peals Ombudsman shall—

16 “(A) identify, investigate, and assist in the
17 resolution of complaints and inquiries related to
18 the Medicare audits and appeals process from
19 providers of services or suppliers with respect to
20 benefits under part A or B;

21 “(B) identify trends in complaints and in-
22 quiries regarding the current Medicare review
23 and appeals systems to provide recommenda-
24 tions for improvements to the Secretary that
25 would improve the efficacy and efficiency of
26 claim review and appeals systems, as well as

1 communication to beneficiaries, providers of
2 services, and suppliers;

3 “(C) design a system by which to objec-
4 tively measure and evaluate reviewer responsive-
5 ness to addressing inquiries from providers of
6 services and suppliers and inquiries from the
7 Ombudsman;

8 “(D) provide administrative and technical
9 assistance to appellants and those considering
10 an appeal;

11 “(E) publish data regarding the number of
12 review determinations appealed, each appeal’s
13 outcome, and aggregate appeal statistics—

14 “(i) for each medicare administrative
15 contractor conducting redeterminations
16 under section 1869(a)(3);

17 “(ii) for each qualified independent
18 contractor conducting reconsiderations
19 under section 1869(e);

20 “(iii) for each recovery audit con-
21 tractor conducting reviews under section
22 1893(h);

23 “(iv) by type of provider of services;
24 and

25 “(v) by type of supplier;

1 “(F) assist in education and training ef-
2 forts for providers of services, suppliers, and re-
3 view contractors (as defined in section
4 1893(i)(1)(D));

5 “(G) communicate with the Medicare Ben-
6 eficiary Ombudsman to assist with the identi-
7 fication, investigation, and resolution of bene-
8 ficiary-related complaints, including those that
9 overlap with requests for review and appeals
10 submitted by providers of services or suppliers;
11 and

12 “(H) perform such other duties as deter-
13 mined appropriate by the Secretary.”.

14 **SEC. 12. LIMITING THE AUDIT AND RECOVERY PERIOD FOR**
15 **PATIENT STATUS REVIEWS.**

16 (a) IN GENERAL.—Section 1893(h)(4) of the Social
17 Security Act (42 U.S.C. 1395ddd(h)(4) is amended—

18 (1) by redesignating subparagraphs (A) and
19 (B) as clauses (i) and (ii), respectively, and moving
20 such clauses 2 ems to the right;

21 (2) by striking “Each such” and inserting the
22 following:

23 “(A) IN GENERAL.—Except as provided in
24 subparagraph (B), each such”; and

1 (3) by adding at the end the following new sub-
2 paragraph:

3 “(B) LIMITATION.—

4 “(i) IN GENERAL.—With respect to
5 the classification of an individual entitled
6 to, or enrolled for, benefits under part A or
7 enrolled under part B, or both, as an inpa-
8 tient or an outpatient for purposes of hos-
9 pital claims for payment for items or serv-
10 ices furnished to such individual under this
11 title, such contracts shall provide that a re-
12 covery audit contractor shall only send ad-
13 ditional documentation requests related to
14 the appropriateness of such classification
15 in the first 6 months after the date on
16 which such items or services were fur-
17 nished.

18 “(ii) EXCEPTION.—The limitation de-
19 scribed in clause (i) shall not apply where
20 a claim for payment is submitted more
21 than 3 months after the date on which
22 such items or services were furnished.”.

23 (b) STUDY ON SHORTENING THE AUDIT AND RECOV-
24 ERY PERIOD FOR OTHER REVIEWS.—

1 (1) STUDY.—The Secretary of Health and
2 Human Services shall conduct a study to assess—

3 (A) the potential burden on providers of
4 services (as defined in subsection (u) of section
5 1861 of the Social Security Act (42 U.S.C.
6 1395x)) and suppliers (as defined in subsection
7 (d) of such section 1861) under the Medicare
8 program of the audit and recovery period appli-
9 cable to audit and recovery activities conducted
10 by recovery audit contractors under section
11 1893(h)(4) of such Act (42 U.S.C.
12 1395ddd(h)(4)); and

13 (B) the impact of shortening such period
14 with respect to different types of reviews.

15 (2) REPORT.—Not later than 1 year after the
16 date of the enactment of this Act, the Secretary of
17 Health and Human Services shall publish a report
18 containing the results of the study required under
19 paragraph (1) on the Internet website of the Depart-
20 ment of Health and Human Services.

21 (c) AUTHORITY TO IMPLEMENT SHORTER AUDIT
22 AND RECOVERY PERIOD.—Section 1893(h)(4) of the So-
23 cial Security Act (42 U.S.C. 1395ddd(h)(4)), as amended
24 by subsection (a), is further amended—

1 (1) in subparagraph (A), by striking “subpara-
2 graph (B)” and inserting “subparagraphs (B) and
3 (C)”;

4 (2) by adding at the end the following new sub-
5 paragraph:

6 “(C) AUTHORITY TO IMPLEMENT SHORTER
7 AUDIT AND RECOVERY PERIOD.—Notwith-
8 standing subparagraph (A)(ii), with respect to
9 payments made under this title for specific cat-
10 egories of services, the Secretary may enter into
11 contracts under paragraph (1) that provide for
12 a retrospective period during which audit and
13 recovery activities may be conducted of not
14 more than 3 years.”.

15 (d) REPORT ON RAC PAYMENT STRUCTURE.—Not
16 later than 6 months after the date of the enactment of
17 this Act, the Secretary of Health and Human Services
18 shall submit to Congress a report on ways to change, in
19 a budget neutral manner, the payment structure for recov-
20 ery audit contractors under section 1893(h)(1) of the So-
21 cial Security Act (42 U.S.C. 1395ddd(h)(1)) from an in-
22 centive-based model to a non-incentive based approach
23 that does not impose additional financial burdens on pro-
24 viders.

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect on January 1, 2017, and shall
3 apply to contracts between the Secretary and recovery
4 audit contractors entered into on or after such date.

5 **SEC. 13. INCENTIVES AND DISINCENTIVES FOR MEDICARE**
6 **CONTRACTORS, PROVIDERS, AND SUPPLIERS.**

7 Section 1893 of the Social Security Act (42 U.S.C.
8 1395ddd), as amended by section 10, is further amend-
9 ed—

10 (1) by redesignating subsection (j) as sub-
11 section (k); and

12 (2) by inserting after subsection (i) the fol-
13 lowing new subsection:

14 “(j) COMPLIANCE INCENTIVE PROGRAM.—

15 “(1) IN GENERAL.—Not later than January 1,
16 2017, the Secretary shall establish a compliance in-
17 centive program, consisting of the components de-
18 scribed in paragraphs (2) and (3), to encourage—

19 “(A) providers of services and suppliers to
20 submit accurate claims that comply with this
21 title and the policies, regulations, and program
22 instructions promulgated thereunder, as well as
23 any applicable national or local coverage deter-
24 minations; and

1 “(B) entities that have entered into con-
2 tracts with the Secretary under subsection (h)
3 or section 1874A (referred to in this subsection
4 as ‘review contractors’) to conduct reviews
5 under this section or section 1874A, as applica-
6 ble, in a manner that is consistent with the pro-
7 visions of this title and the claim review guide-
8 lines, regulations, and program instructions
9 promulgated thereunder, as well as any applica-
10 ble national or local coverage determinations.

11 “(2) COMPLIANCE WITH CLAIM PROCEDURES
12 BY PROVIDERS OF SERVICES AND SUPPLIERS.—

13 “(A) IN GENERAL.—Not later than Janu-
14 ary 1, 2017, the Secretary shall establish a sys-
15 tem through which a provider of services or
16 supplier that has achieved a low rate of denials
17 of claims for payment subject to additional doc-
18 umentation requests over a 2 year period, as
19 determined by the Secretary, shall be exempt
20 for a period of 1 year from any post-payment
21 review of claims for payment conducted by re-
22 view contractors.

23 “(B) LIMITATION.—The Secretary shall
24 not exempt or shall rescind an exemption grant-
25 ed to a provider of services or supplier under

1 January 1, 2017, the Secretary shall es-
2 tablish a system under which, for any in-
3 centive period—

4 “(I) the number of medical
5 records that a review contractor that
6 was a high-performing review con-
7 tractor in the performance review pe-
8 riod associated with such incentive pe-
9 riod may request from a provider of
10 services or supplier in carrying out ac-
11 tivities under this section or section
12 1874, as applicable, may be increased
13 (on a sliding scale); and

14 “(II) the number of medical
15 records that a review contractor that
16 was a low-performing review con-
17 tractor in the performance review pe-
18 riod associated with such incentive pe-
19 riod may request from a provider of
20 services or supplier in carrying out ac-
21 tivities under this section or section
22 1874A, as applicable, may be de-
23 creased (on a sliding scale).

24 “(ii) DEFINITIONS.—In this subpara-
25 graph:

1 increased or decreased based on such
2 contractor's status as a high-per-
3 forming review contractor or a low-
4 performing review contractor for such
5 performance review period.

6 “(III) LOW-PERFORMING REVIEW
7 CONTRACTOR.—The term ‘low-per-
8 forming review contractor’ means a
9 review contractor that, for a given
10 performance review period, is not de-
11 scribed in subclause (I).

12 “(IV) PERFORMANCE REVIEW
13 PERIOD.—The term ‘performance re-
14 view period’ means a period of time
15 (to be determined by the Secretary)
16 during which a review contractor's de-
17 cisions with respect to reviews con-
18 ducted under this section or section
19 1874A, as applicable, are evaluated to
20 determine if such review contractor is
21 a high-performing contractor or a low-
22 performing contractor for such pe-
23 riod.”.