

Responding to RAC – Managing the Process

Presented by
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Objectives

- Status of RAC rollout & implementation
- Identified areas of exposure
- Operational pitfalls
- Tips from better performing providers
 - ❖ Operational approaches to managing RAC process
- Appeals process
- Plan for the future

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RAC Provider Outreach Sessions

- Educate provider community about RAC process, key contacts & next steps
- Scheduled March through June
NY, MI, SC, FL, GA, UT,
AZ, NV, CA, WY, SD, MN

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Know RAC Scope of Work (SOW)

- Provision for RAC error extrapolation
 - ❖ Follow PIM 3.10 & MMA Section 935(a) regarding use of extrapolation
- If RAC has evidence issue exists (complex review), they can then perform review of statistically significant sample & extrapolate impact

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Common RAC Exposure Areas

- Inadequate physician documentation
- Incorrect site of service – Lack of medical necessity
 - ❖ BKD determined error rates – 50% to 100%
- Incorrect coding
 - ❖ Septicemia, excisional debridement
- Incorrect discharge disposition

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Other “Dirty Laundry”

- Incorrect billing & use of observation
- 72-hour rule violations
- Inappropriate documentation
- Ambiguous physician orders

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Hints of Problems

- Pattern of > 24 hour observation stays
- Observation status billed with surgery
- Outliers on PEPPER report
 - ❖ Current data not improved
- Pattern of billed charges < DRG reimbursement
- Significant number of cases with LOS < geometric mean
- Facility frequently goes on diversion

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Common Operational Pitfalls

- Lack of knowledge of RAC issues at management & board level
- RAC process, team not integrated into corporate compliance program
- No knowledge of materiality of RAC issues at facility level
- RAC infrastructure not developed
- RAC coordinator role is “add on” to PFS or compliance department

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Common Operational Pitfalls

- Belief that RAC issues are “just a coding thing”
- Limited physician support of case management & Clinical Documentation Improvement (CDI) program
- CDI program focused on revenue enhancement, not medical necessity
- CDI program not concurrent
- Inadequate communication between case management & coding
- Cannot find historical PEPPER reports or information has not been used

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Common Operational Pitfalls

- RAC request tracking mechanism not in place
- No internal policy about how/what to appeal
- Focus on determining reserves rather than process improvement
- Prior identified problems not resolved

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Common Operational Pitfalls

- Case management focused on discharge planning
- Case management not involved at start of patient encounter
- Lack of clearly defined admission criteria

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What Have Better Performing Providers Done So Far

- Top-down support of initiative
- Conducted comprehensive RAC vulnerability analyses
- Implemented change processes where indicated
- Designed revised processes using Lean, Six Sigma or similar QI methodologies
- Built strong RAC team & infrastructure
- They know “who’s on first”

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What Have Better Performing Providers Done So Far

- Physicians are on board & committed
- Identified medical staff “champion”
- Developed ongoing monitoring of RAC & OIG issues as part of corporate compliance plan
- Continually mine facility’s data to measure improvement & identify new potential issues
- Routinely obtain objective, external audits
- Follow facility’s protocol for rebilling & self-disclosure

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Tips for Success

- “Look deep” into process issues in billing & coding
 - ❖ IT contributing factors
- Beef up case management function & process
 - ❖ Expand coverage
 - ❖ Involve case managers at point of entry into system
 - ❖ Leverage tasks that do not require nursing background
- Give feedback to case managers
 - ❖ Clinical & financial outcomes

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Tips for Success

- Hire full-time physician to support case management & CDI program
- Give employed hospitalists role in case management
- Implement concurrent review of records to improve documentation, including areas of RAC risk

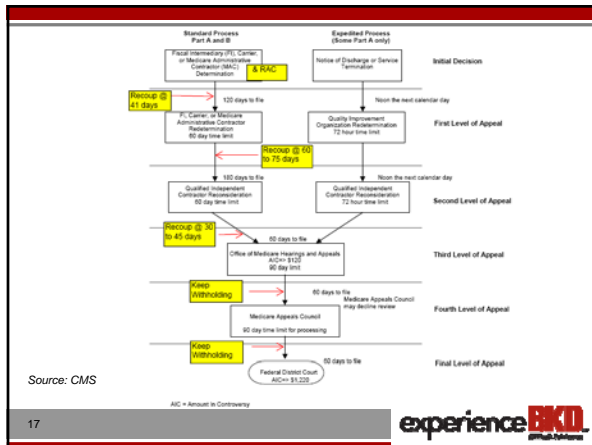
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Appeals

- Provider appeals policy
 - ❖ Materiality & threshold
 - ❖ Cost benefit analysis
 - ❖ Legal & clinical involvement
- RAC issues demand letter
- Carrier/FI/MAC recoups

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Appeals

- Need "robust" RAC tracking tool
 - ❖ Elements to track
 - ✓ Date of record request and submission deadline
 - ✓ Date of shipping
 - ✓ RAC decision
 - ✓ Reason for denial
 - ✓ Appeal – yes or no
 - ✓ Level 1 appeal recoupment date
 - ✓ Date submitted
 - ✓ Decision due date
 - ✓ If upheld, level 2 recoupment date, etc.
 - ❖ Appeal process 12 to 24 months cycle per claim
 - ❖ Hundreds of appeals in process at any given point

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Appeals

- “Review results” letter must
 - ❖ Contain rationale for determination
 - ❖ Include description of coverage/coding/payment policy or article that was violated
 - ❖ Statement of revenue impact (overpayment, underpayment, none)
- RAC must communicate results of every complex review to provider, including those without findings

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Appeals

- Appeals should address every point in “review results” letter
- Appeal for medical necessity denial
 - ❖ Identify specific criteria sets, supporting data
 - ❖ Show results of literature search to prove service “furnished in accordance with accepted standards of medical practice”
 - ❖ Document provider’s “medical” & “legal” position on medical necessity

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Appeals

- Legal position
 - ❖ Is RAC operating within its scope?
 - ❖ Reviewing excluded/suppressed cases
 - ❖ Incorrect interpretation of Medicare policy & regulations
 - ❖ Criteria used in their determination
 - ❖ Potential legal arguments
 - ✓ Good cause
 - ✓ Waiver of liability
 - ✓ Provider without fault
 - ✓ Violations of RAC statute
 - ✓ Administrative procedural violations
- Consider review by counsel

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Prepare for the Future

- MAC implementation
 - ❖ No blackout if MAC contractor is legacy FI
- Program Safeguard Contractor
- Medicare's Acute Care Episode (ACE) Demonstration
- Present on Admission (POA) reporting
- Hospital acquired conditions

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Questions?

- Enter them using GoToWebinar toolbar
- Contact Information

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Next BKD Webcast

- **Economic Conditions & Policy Response: Implications for Business & Capital Markets**
 - ❖ Presented by BKD's Jeff Layman
 - ❖ Thursday, May 14
 - ❖ 10-11 a.m. Central time
 - ❖ Register now at www.bkd.com/webcast

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Appendix

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RAC Contact Information

- **Region A: Diversified Collection Services, Inc.**
1.866.201.0585
- **Region B: CGI**
1.877.316.RACB (7222)
racb@cgi.com
- **Region C: Connolly consulting, Inc.**
1.866.360.2507
- **Region D: HealthDataInsights, Inc.**
Part A: 1.866.590.5598
Part B & Suppliers: 1.866.376.2319
racinfo@emailhdi.com

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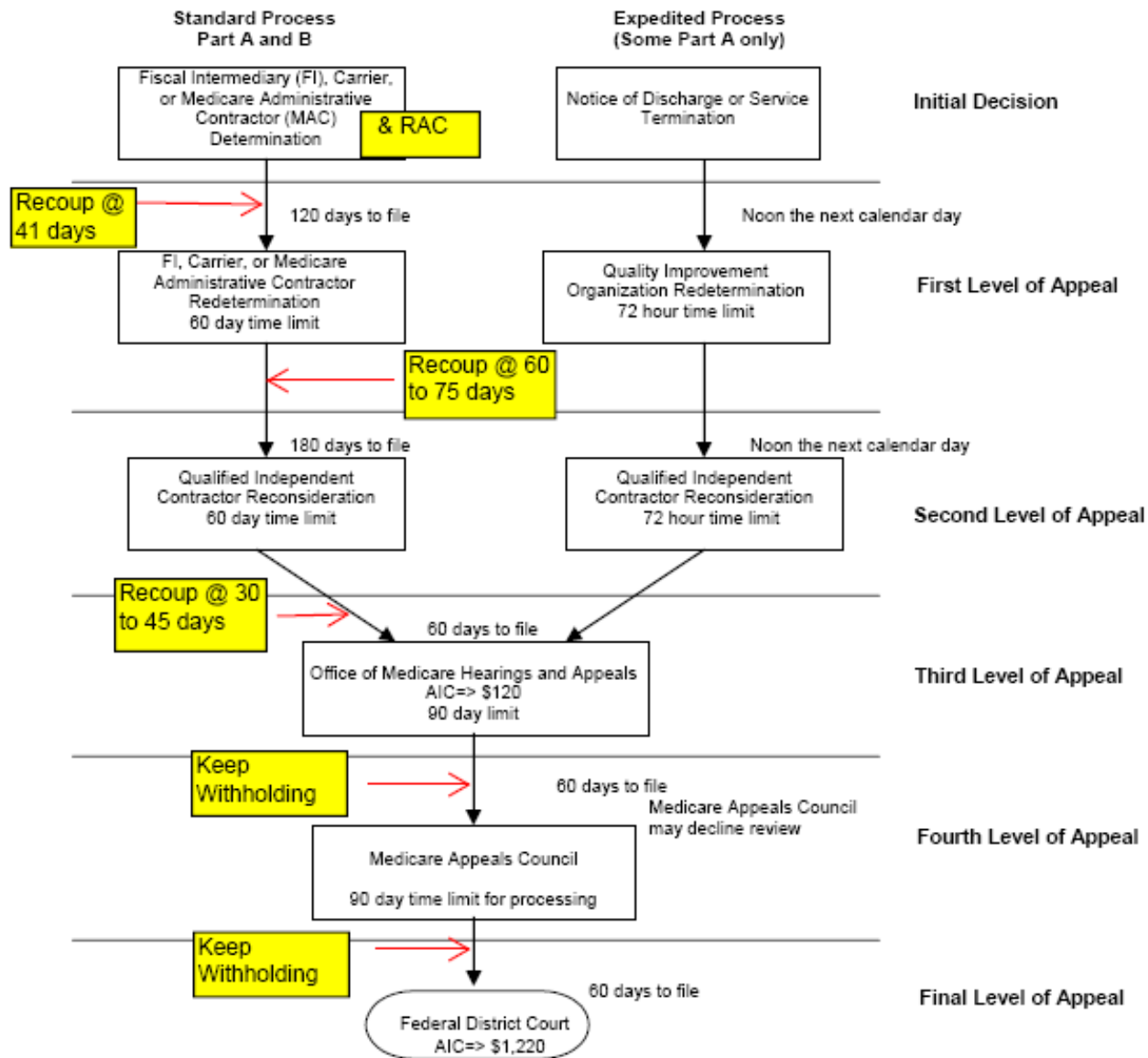


References

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- MLN Matters Number SE0801
- MLN Matters Number SE0622
- Medicare Claims Processing Manual, Chapter 3, Section 40.3
- <http://www.cms.hhs.gov/HospitalAcqCond/Downloads/HACFactsheet.pdf>
- <http://www.cms.hhs.gov/HospitalAcqCond/Downloads/POAFactsheet.pdf>

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AIC = Amount In Controversy

Source: CMS