RAC and Beyond
New Strategies to Manage the Audit in 2013

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Today’s Agenda

- Update on Audit Activity
  - Lessons learned in 2012
  - What to expect in 2013
- New Methods, Tips and Tricks
- Questions and Answers
2012: What We Learned

- Over 1500 approved review issues published
- Record request limits have gone up
  - Up to 400 requests every 45 days for most providers, up to 600 for high volume Medicare Providers
- Hybrid or "semi" automated reviews
- Review results containing multiple denial reasons
- Appeals remanded in appeal process
More Lessons Learned

Automated vs. Complex Denials for 2012

Source: AHA. (January 2013). *RACTrac Survey*
More Lessons Learned

- Participating Medical/Surgical Acute Hospitals with RAC Activity Experiencing Complex Denials by Reason

Source: AHA. (January 2013). RACTRAC Survey
Other Audits Having an Impact

- Quality Improvement Organizations (QIO)
- Comprehensive Error Rate Testing (CERT)
- Fiscal Intermediary/Medicare Administrative Contractor (FI/MAC)
- Medicaid Integrity Contractor (MIC)
- Commercial Payer Audits
- Zone Program Integrity Contractors (ZPICs)
- Internal Audits
More Audits Having an Impact

- Non-Revenue Threatening Audits
  - Medicare Risk Adjustment Audits
  - HEDIS
  - Medicare Advantage Plan Quality Audits
So far, no reported updates to the Scope of Work

Medicaid RACs are ramping up

Medicare Part C&D RACs

Other red flags
- RAC Pre-Payment Reviews
Medicaid RAC’s

- Starting in 2012
- HealthPort has seen significant increase in volume since November of 2012
- Check the CMS Medicaid RAC website often for status of a given state
  (http://w2.dehpg.net/RACSS/Map.aspx)
- Connect with your state Medicaid agency
  ▪ Ask about training
Medicare Part C&D

- Medicare Part D RAC is now in place
  - ACLR Strategic Business Solutions
    (http://aclrsbs.com/)
- CMS is still evaluating how Medicare Part C Audits will be accomplished
Audits 2013 – The RAC Reality

- The first RAC Home Health review issues have been approved by CMS
- RAC Pre-Payment Audits began in September of 2012
Audits 2013 – The RAC Reality

- RAC Prepayment Review Demonstration
  - 3 Year Demonstration affecting CA, FL, IL, LA, MI, NY, TX, MO, NC, OH & PA
  - Limits are included in the existing limits allowed for the RACs
  - 30-day turnaround for records
  - Requests will come from the MAC, not the RAC
  - Records will be reimbursed under the current methodology, the $25 cap applies
Audits 2013 – The RAC Reality

- RAC Record Reimbursement Cap
  - Effective April 1, 2012
  - $25 cap on any given request
  - Includes postage
  - This can change at CMS’s discretion
Some Improvements have been made to ease the Provider Burden
- esMD
- Other means of electronic submission of records
- Electronic requesting
Two-part informational review by RAC
Software-driven process
  ◦ Looks for aberrant billing practices in claims data
45 days to file more information
No reimbursement for records
No record limits
Tips to Manage

- Look for “informational” letters
- Do you have enough to overturn?
- Track and monitor
- Target areas:
  - Missing modifiers
  - Medically unlikely edits (MUEs)
  - Chemotherapy
Eight Steps to Optimizing Your Audit Process

1. Educate Key Stakeholders
2. Identify team
3. Tracking
4. Request-letter management
5. Decision-letter management
6. Appeals management
7. Financial management and dashboard review
8. Preventing future denials
Educate Key Stakeholders

- Who are the key stakeholders?
  - CFO’s, CEO’s, CMO’s
  - Physicians, Case management, HIM, Revenue Cycle

- Provide audit information & history
  - Why were RACs so successful?
  - What is driving them today?
  - Why is everyone following the RACs lead?
Identify The Team

- Representation of your facility
  - i.e. HIM, Compliance, Finance, Case Management, Billing, Coding Compliance, IT, etc
  - Important that all affected areas have representation
  - Physician involvement is key
  - Available for regular meetings
  - Decision management capability
Tracking Capability

- Consider technology
  - User-friendly and intuitive
  - Address any type of audit
  - Email alerts
  - Create your own reports
  - Store and track the data that’s important to you
    - Billing data
    - Coding data
Managing the Request

- Understanding where it can all go wrong
  - Historical paper records? On-site storage or warehoused?
  - EHR
- Delays = lost revenue
- Contact the auditor and request extensions if you are unable to submit information in time frames allowed.
Managing the Request

- The Importance of integrated release of information functionality
  - Seamless process
  - Provide triggers for follow-up
  - Ability to view and approve records prior to release
  - Provide tracking and delivery confirmations
  - Save valuable staff time
Decision/Demand Letter Management

- Create a process
  - Every decision must be documented & tracked, from your agreement/disagreement with the auditors decision to the outcome of appeals
  - Store all correspondence electronically
  - Detail notes of any telephone communications, always get contact name & phone number
Decision/Demand Letter Management

- Appeal or not to appeal
  - Appeals can be costly and will take time to prepare
  - Amount in question will always be a driving factor
  - Concurrent processes
  - Standardize appeal/dispute letters as much as possible
Different types of audits will have different requirements for pre–appeal and appeal processes

- Many payers will only offer one chance at an appeal
- Growing focus on pre–payment reviews
Appeal Management

- It’s all about the date
  - E-notifications of deadlines for appeal
  - All team members update tracking with receipt of communications
- The appeal communication connection
Real-Time Financial Management

- Know where your money is going at a glance
- Successful appeals vs. unsuccessful appeals
Preventing Future Denials

- The importance of internal audit
  - Know what you are at risk for
    - Everyone knows what the RACs are reviewing
  - Should be performed at regular intervals
  - Consider third party services and software

- Pinpoint areas of concern
  - Start addressing issues
  - Put polices and procedures in place

- Cash Reserves
  - Be prepared for the inevitable
Preventing Future Denials

- Institute a “View & Approve” process for records
  - Maybe not every record but at least random checks
  - Especially when new review issues are outlined as the reason for the request
  - Can assist in appeal preparation
Preventing Future Denials

- Ensure you have processes in place to check for duplicate audits
  - Federal entities are not supposed to audit the same record for the same reason

- Outline a “Dispute” process
  - Form letter or communication outlining the duplicity of the audit request
Methods, Tips and Tricks

- Centralize your process as much as possible
- Use technology
- Monitor, measure and mitigate
- Improve clinical documentation: prevent more audits
- Keep on top of all announcements
Final Thoughts

- Many moving parts
  - Centralize audit management as much as possible
- Get a good team in place
  - Have representation from all parties involved
- Use technology to help
  - Tracking systems
  - Document Management
Final Thoughts

- Understand the financial impact
  - Know what you are at risk for
  - Be prepared with Cash Reserves
- Make changes when patterns emerge
  - Make sure that processes and tools can adapt to change quickly
Final Thoughts

- Communication and Follow-up are Key
  - Use automated alerts when available
  - Process Review Meetings
  - Status Meetings
Questions and Concerns
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