The AHA reports that 88% of hospitals have received an audit, according to its second quarter RACTrac report released in August (www.aha.org/advocacy-issues/rac/ractrac.shtml). Furthermore, medical record requests increased 22% over the first quarter of 2012 and the number of denials increased 21%.

Eighty-four percent of AHA survey respondents indicated that medical necessity denials represented the most costly and complex form of denials. More than 50% indicated they spent roughly $10,000 managing the Recovery Auditor (RAC) process during the second quarter—9% say they spent more than $100,000.

Despite the cost, when hospitals appeal their denials they typically win. The RACTrac report indicates that hospitals appeal more than 40% of their denials with a roughly 75% success rate.

That’s where CDI professionals come in.

Audit prevention career track

CDI specialists know how to piece the various components of the medical record together, says Mary Smith (her name has been changed at her facility’s request) a Florida-based RAC denials coordinator.

Smith joined her facility’s CDI team in 2007 during the program’s inception. She worked as the CDI coordinator for four years before making the leap to the RAC denials team. Smith, who also spent two years in the case management role, says she has “the perfect blend of professional backgrounds for this line of work. [She] can look at the record and see the different pieces of it and use that knowledge to formulate an appeal.”

Her day-to-day routine goes something like this: She receives a list of audit requests to review from the central business office and reviews the request to determine whether the correspondence is either a request for records, a demand letter, or a prepayment request.

If it is a request, Smith gathers the documents and sends them to the auditor. If it is a finding, she examines the records in question and begins an appeal. If the facility has made a clear mistake such as entering an unsupported code, she does not appeal the RAC finding.

On the other hand, if the record appears consistent, the facility appeals 100% of the time, she says.

Prepayment reviews spur growth

Although Medicare Administrative Contractors (MAC) have been conducting prepayment reviews for some time, until now RAC have only reviewed claims on a retrospective basis. However, the game has changed since the Recovery Auditor prepayment review demonstration (announced last fall and delayed for months) launched at the end of August 2012.

In addition to short hospitals stays as a target of the Comprehensive Error Rate Testing report, CMS identified three specific areas of focus in the RAC prepayment review demonstration:

1. Incorrectly coded claims
2. Patients who came through the emergency department but should have subsequently gone to observation rather than being admitted
3. Patients who received elective surgery during short-day stays when they should have been outpatient procedures

In addition, the prepayment reviews target the following MS-DRGs:

» 312, Syncope and collapse
» 069, Transient ischemia
» 377, GI hemorrhage with MCC
» 378, GI hemorrhage with CC
» 379, GI hemorrhage without CC/MCC
» 637, Diabetes with MCC
» 638, Diabetes with CC
» 639, Diabetes without CC/MCC

The demonstration applies to California, Florida, Illinois, Louisiana, Michigan, New York, and Texas. An additional four states have been targeted—Minnesota, North Carolina, Ohio, and Pennsylvania—due to their high volume of short inpatient stays (two days or less).

The Recovery Auditors’ efforts will not replace or usurp
the MAC prepayment reviews, rather the two contractors are expected to coordinate their efforts, CMS says.

According to Smith, the RACs may request 30% of medical records related to back pain, for example, and hold any payments for those records until it completes its review.

“We have a whole drawer full of items waiting for payments,” she says. “Many of the issues they are targeting, like cardiac and respiratory items, are big-money items, so it makes sense that they don’t want to pay for those, but it isn’t right for the facility to wait for payments.”

Prepayment denial prevention

To get a head start on preparing for a possible full-time prepayment review process, ensure the completeness of medical records before they go out the door, Sharon Easterling, MHA, RHIA, CCS, CDIP, CEO of Recovery Analytics in Charlotte, N.C., told HealthLeaders Media in August (www.healthleadersmedia.com/page-4/TEC-283306/Recovery-Auditor-Payment-Denial-Prepayment-Denial-Prevention-Recovery-Auditor-Prepayment-Review-Demos-Inminent).

Make sure that the records do not have any signature issues, have been prereviewed, and contain all the necessary documentation. “These are the most important aspects of the record,” explains Easterling.

Smith’s facility recently started a prepayment denial prevention project with its surgical team.

One full-time RN and a part-time assistant review the patient’s entire medical record prior to surgery to ensure medical necessity. They review the history and physical, ensure other, less invasive, efforts were attempted prior to scheduling surgery, and prompt the ordering physician for additional documentation when warranted.

If the paperwork isn’t provided and complete by the day of the surgery, the procedure is canceled and rescheduled, says Smith. Since implementing this process, only two procedures needed to be rescheduled, she says.

CDI efforts

For Vicki Davis, RN, CDI manager at Alamance Regional Medical Center (ARMC) in Burlington, N.C., understanding Recovery Auditors’ focus took on additional importance when an auditor denied a claim alleging that a CDI query led the physician.

According to Davis, the documentation in the chart contained all the clinical indicators and treatments, but no notation of the specific diagnosis. The CDI specialist queried the physician using query guidelines established by AHIMA’s brief, “Managing an Effective Query Process.”

The auditor stated the query was leading because it did not use an “open-ended question” format. Davis and her ARMC team felt such reasoning contradicts industry standards and the AHIMA brief. The guidelines do not specifically dictate that questions must be open-ended. Instead it offers several query examples including multiple-choice.

“The clarification form ARMC uses clearly emphasizes the physician’s right to exercise his/her own clinical judgment,” Davis says. “By being heavily involved in the audit process in conjunction with HIM and coding compliance, the CDI team can help challenge tricky denials like this.”

CDI specialists should also work with the denials department to ensure the resources auditors cite actually represent the most recent and most appropriate regulatory, industry standards, says Davis.

“ARMC won the appeal because we stood our ground and maintained the integrity of the CDI program,” Davis says. “Our scenario may be happening all too often. It is one more illustration of the importance of CDI involvement in the appeal process.”

CDI specialists can also help with audit defense simply by being “aware of the targeted areas and [paying particular attention] when reviewing charts with those DRGs,” says Melanie Haycraft, RN, CCDS, RAC/government audit coordinator for North Oaks Health Systems in Hammond, La. (Read a Q&A with Haycraft on p. 24.) “Consistent documentation with the appropriate criteria met is the only way to audit-proof the chart.”

At Smith’s facility CDI specialists review documentation to support targeted MS-DRGs and look for documentation ensuring medical necessity of the inpatient admission. If there is a question regarding medical necessity, the record goes to the team physician advisor, who connects with the case managers and the physician for follow-up.

So far, Smith considers her facility’s denial management and appeals process a success. In the two years she’s been in the role, only 10 cases advanced as far as the Administrative Law Judge, and the facility won each of those cases.

“I absolutely love this role. It is very investigative and I get to use all the skills I’ve learned over the years. I’d say we’ve had pretty good success overall,” she says. 😊