

Navigating RAC Challenges

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The RAC storm is brewing

- The way is largely uncharted
- The reimbursement seas are already rough and getting worse
- The crew is small
- No end to the journey in sight

Prepare for the Journey

- Executive Sponsor Identified
- Appeal Strategy Selected
 - If insource, do you create a new department or add on to an existing?
 - If outsource, will it be the process or part?
- Select and train employees
- Review data utilizing RAC targeted audit criteria

Establish RAC Coordinator Role

- Receive and disburse correspondence
- Serve as liaison with other departments
- Coordinate training needs
- Maintain and distribute information

RAC Navigation Team

- RAC Co-coordinator Identified
- RAC Correspondence Location Identified
- Department identified with responsibility for :
 - Physician Query
 - Legal Medical Record
 - Medical Necessity Letters
 - Coding Clinic Guidelines
 - Interqual criteria/ M & R
 - Additional documents identified during review process (i.e. documents from physician offices)

Our Own Journey

- Claims Reviewed • 1,745
- Claims w/no changes • 1,202 (69%)
- Claims w/changes • 543 (31%)
- Rebuttals filed • 268 (15%)
- Rebuttals won • 16 (6%)
- Appeals filed • 754 (43%)
- Appeals won • 700 (92%)
- Appeals lost • 26 (11%)

The Journey Continues

- Repayments
- Appeals still in process
- Chart requests
- FTE's devoted to project
- \$2.9M
- Multiple
- 100 a month
- 2.5

Target Areas

- Medical Necessity
 - Chest Pain
 - Back Pain
 - Admission for 3 days for SNF placement
- Incorrect Coding
 - Discharge Status
 - Co morbid conditions affecting DRG assignment

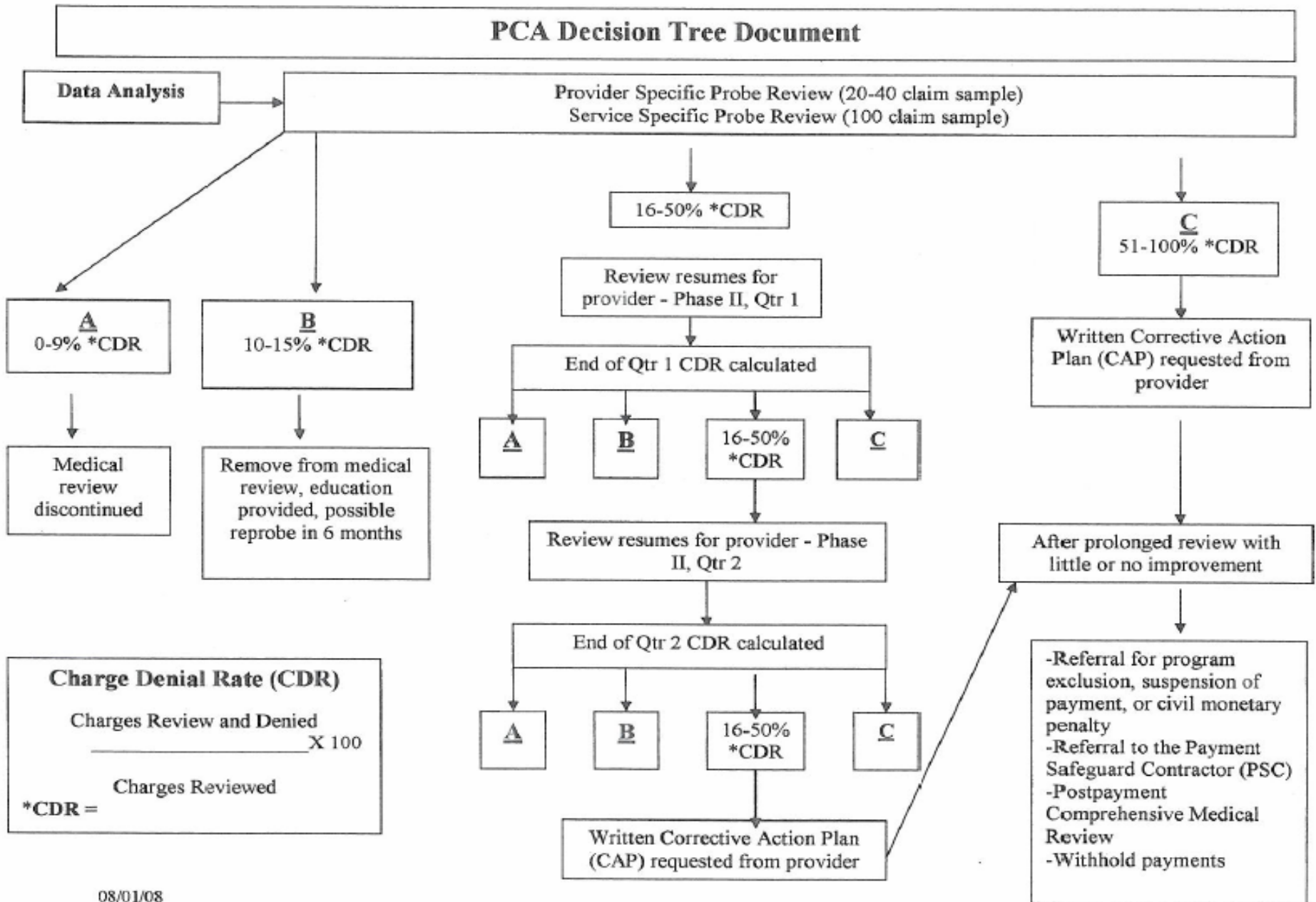
Target Areas cont.

- Incorrect Charges
 - Excessive Units
 - Blood Transfusions
 - IV Hydration
 - Bronchoscopy
- Incorrect Units
 - Neulasta # milligrams
 - 1 unit per 6 mg. (instead of total units)
- Errors
 - Age Limit Codes (newborn, pediatric)
 - Once in a Lifetime

Claims Audits

- Once a claim has been selected for review, documentation from provider is requested in the form of an Additional Development Request (ADR) letter. Copies of the requested medical records must be submitted within 30 days. Failure to submit timely results in denial of all charges.
- Once the appropriate # of claims are audited, a charge denial rate (CDR) is calculated. The CDR is determined by total charges audited / denied charges x 100.
- CDR determines
 - % claims billed in error
 - Extent error is occurring
 - Guide to additional audits
- Based upon results
 - No further action necessary
 - Provider notifications of findings
 - Additional medical record reviews
 - Referrals to government agencies
 - Referrals to Provider Outreach & Education

Audit Results Dictate Actions



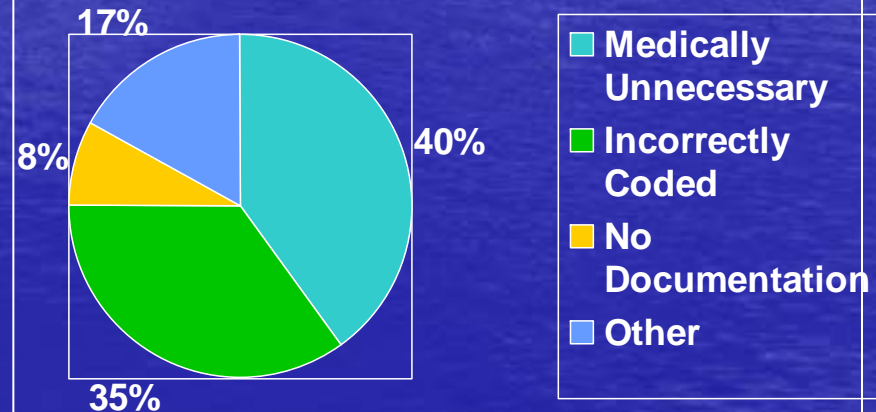
Items to Track

- Account #
- Admit & discharge dates, LOS
- Billed charges
- Payment received
- DRG
- Date of request
- Date record provided
- RAC revised DRG
- Provider agreement
- Appeal levels and dates
- New payment
- Refund amount or new payment
- New payment date

Measures of success

- Turn-Around-Time Metrics & Productivity Metrics:
 - Initial Response (<XX days)
 - Notice received from RAC
 - Recoupment Process (<40 days)
 - Level 1-5 Appeal Process (<XX Days)
- Routine Reporting - Monthly
- Sample Audit Review - Quarterly

- Volumes
 - # of Requests Processed
 - # of Appeals Overturned



CFO Challenges

- Need for additional manpower in times of declining reimbursement
- RAC effect house wide-UM, PFS, PA, Case Managers, Reimbursement, MD's
- Uncertainty of reserves
- Relationship with physicians and queries

CFO Recommendations

- Discuss whether to conduct internal assessment or not because of disclosure
- Know your Pepper reports
- Assemble RAC team-HIM, PFS, QA, UM
- Assign staff to specific roles
- Anticipate detailed information tracking
- Pre-empt adjustments by coding audits
- Select consulting firm for questions, MD second opinions, appeals, etc.

CFO Recommendations, cont.

- Documentation Improvement program will assist
 - Target audit areas Sepsis, wound debridement, cardiac
- Consider 2 level medical necessity admission process
 - Case Management & Interqual or Milliman
 - MD advisor review for exceptions
- EDUCATE all

Guides for the Journey

- www.aha.org/rac
- www.cms.hhs.gov/rac
- www.HealthDataInsights.com
- www.racinfo.com (HDI RAC website)