

Recovery Audit Contractor Program

The Demonstration Project
Experience - California

California Experience

- ❑ Started in March 2005 as one of three states for demonstration program due to high volume of Medicare beneficiaries
 - ❑ August 2006 – First requests for medical records
 - ❑ RAC scope included inpatient, outpatient and acute rehabilitation
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The California Experience

- ❑ Requests for records dated back to 2001
 - ❑ Inconsistent pattern of medical record requests
 - ❑ Inconsistent timing of medical record requests
 - ❑ Requests for information to different individuals in the hospital
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The California Experience

- Total cases reviewed for DRG/Coding: 723
 - 86% no change
 - Appealed 35% of proposed changes
 - Won 90% of Appeals
 - Number of cases where contractor applied incorrect coding logic: 22
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The California Experience

- Total cases reviewed for Medical Necessity: 366
 - Significant number of denials
 - 45% of denials appealed
 - Won 25% of appeals
 - Denials due to:
 - Lack of specific order for inpatient admission
 - Severity of admission criteria not documented
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The California Experience

□ Resource Impact

- 44 records AVERAGE per month, but requests were bunched – so very hard to staff
- 20 hours clerical
- 20 hours coding
- 20 hours technical/management

□ **This is not an area to skimp on appropriate resources**

Response to the RAC

- Steps to do now
 - Comprehensive Coding Audit
 - All specialties
 - All targeted DRGs
 - Any other areas where a coding issue is suspected
 - Coding Audit Results
 - Further reviews of any problem areas
 - Education, education, education
 - Self report any coding issues – before the RAC finds them
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Response to the RAC

- Steps to do now
 - Utilization Review/Case Management
 - Extensive audit for admission appropriateness
 - Do physician orders for admission match patient status?
 - Do your scheduling and pre-admission areas have the latest “inpatient only” criteria?
 - Is Case Management in place in the Emergency Department?
 - Is there a consistent review of all weekend and holiday admissions?
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Response to the RAC

Steps to do now

Correspondence

- Do all requests for medical record information come to a centralized location?
 - If your release of information is outsourced, do you know that requests are fulfilled on a timely basis?
 - Is your correspondence tracking mechanism in place?
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Response to the RAC

- Steps to do now
 - RAC Management Team
 - Health Information Management:
 - Coding Expertise
 - Management/Technical – write those letters!
 - Utilization Review/Case Management
 - Admissions/Registration/Scheduling
 - Patient Financial Services
 - Compliance
 - Administrative Sponsor(s)
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Response to the RAC

□ Steps to do now

1. Decide who will be the facility contact person
 2. Decide how RAC medical record requests will be managed
 - a. Centralizing through HIM
 - b. Educate HIM Release of Information Staff
 3. Decide how RAC medical record requests will be retained – make sure they are accessible
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Response to the RAC

□ Steps to do now

1. Establish RAC tracking spreadsheet in a shared location, accessible to HIM, Compliance, CM/UR, Quality, PFS, Finance, Administration
 2. Determine individual responsibilities for spreadsheet updates
 - a) Make sure that the spreadsheet includes response, and document any additional material returned with response, i.e. Coding Clinic, copied portions of the medical record with highlights, additional physician documentation, "late entries", etc.
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Response to the RAC

Dealing with the RAC Requests--1

HIM

- Receive request, note date of receipt, log into correspondence system
 - Retrieve and copy medical records
 - Perform careful quality control – are any two sided pages copied correctly? Is everything legible?
 - Invoice appropriately
 - Mail via Fed-Ex/UPS. Maintain tracking numbers to ensure receipt.
 - Watch your timeliness!!!*
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Response to the RAC

□ Dealing with the RAC Requests--2

■ HIM begins the spreadsheet

1. Patient Name/MRN and Account Number
 2. Request Date
 3. Processed Date
 4. Attending MD
 5. DRG from coding summary
 6. Audit type – coding or medical necessity
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Response to the RAC

- Dealing with the RAC Responses - 1
 - HIM
 - Receives RAC Response
 - Separates into coding/cm responses
 - Enters initial findings
 - Forwards CM responses to CM for action *with medical record*
 - If DRG change is proposed – matches record with response – sent to coding resources
 - Updates spreadsheet
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Response to the RAC

- Dealing with the RAC Responses - 2
 - CM reviews RAC findings letter and medical record
 - Decision made to accept or appeal RAC findings
 - Updates spreadsheet with dates and actions
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Response to the RAC

- Dealing with the RAC Responses - 3
 - PFS/Finance updates spreadsheet
 - Total charges and Medicare payments
 - Any adjustments?
 - Estimated Take backs (information from HIM)
 - Actual Take Back Amount and Date
 - Credits
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Response to the RAC

- Dealing with the RAC Responses – 4
 - Work with the RAC personnel!
 - Notify RAC when records are coming
 - Notify RAC when responses are on the way
 - Let your coders and your case management people interact
 - Develop a professional and courteous relationship
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How to succeed with RAC

- ❑ This is the time for a very high level of collaboration between HIM, CM/UM, Quality, Compliance, PFS
 - ❑ Provision of necessary resources to affected departments is essential
 - ❑ Make sure all of your responses are timely and complete.
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RAC Success

- ❑ Do not hesitate to appeal the RAC findings – now is not the time to be hesitant!!!
 - ❑ Use the RAC findings to continually improve your processes
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