Mount Sinai Medical Center Compliance Department

The Mount Sinai Hospital
New York, New York

How to Leverage a RAC Committee to Reduce Organizational Risk

by Lori Dempsey – Director, Hospital Compliance

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Introduction

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Objectives

➢ Benefits of an *Internal* RAC Committee

➢ Benefits of an *External* RAC Committee

➢ Institutional due diligence

    ➢ coordination of process

    ➢ tool development

➢ Communicate lessons learned

The Impact of the RAC

Background

January 2005 – CMS announces Congress passed legislation authorizing the Recovery Audit Contract (RAC) demonstration. The goal of this legislation is for post-payment reviews to be performed in order to determine overpayments/underpayments in the Medicare program.

➢ For the first time, Congress passed legislation allowing a contingency based arrangement for-profit to perform a post-payment review of Medicare payments. The audit firm will receive a percentage of the recoveries of the Medicare overpayments/underpayments.

➢ The RAC operates with no restriction on the number of claims they are allowed to review and the amount they can recoup on CMS's behalf. However, in NYS the contractor has limited their chart pulls to 50 charts per request.

➢ The demonstration period was to end in March 2008 in three demonstration states: New York, California and Florida.

➢ In 2006, Congress passed additional legislation to expand the RAC to all 50 states by 2010.

September 2008 - CMS announced that by October the NY RAC contractor will be named

➢ The national RAC should commence in New York by early January 2009

➢ Mount Sinai has been refining our processes, mitigating risks and the RAC Steering Committee has been meeting monthly since April in preparation

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Key Dates and Actions

March 2005 – Connolly Consulting awarded the RAC contract for New York State (NYS). Connolly has extensive Commercial and HMO insurance experience in claims review.

September 2005 – The first set of demand letters from Connolly are received at Mount Sinai requesting inpatient medical records for the purpose of DRG validation.

March 2005 – Mount Sinai establishes an inter-disciplinary task force to develop an enterprise-wide RAC process, which includes:

✓ The Mount Sinai Hospital

✓ Mount Sinai Faculty Practice Associates

✓ The Mount Sinai Hospital of Queens

✓ The Mount Sinai Diagnostic & Treatment Center

April 2008- The NYS RAC Demonstration ended in March 2008. The RAC Steering Committee re-charged itself with reviewing the impact of the three year RAC Demonstration and moved forward further advanced the development of the Mount Sinai RAC protocol.

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Mount Sinai Implementation

The task force was charged with the following in order for Mount Sinai to support the RAC demonstration:

➢ Examining and assessing existing internal processes for the fulfillment of external medical record requests and denial/appeals management communication.

➢ Assessing existing internal tracking systems for medical record requests and denial/appeals management final dispositions.

➢ Developing an internal database of claims previously reviewed by CMS and/or IPRO since these are excluded from the RAC demonstration.

➢ Reporting out identified deficiencies and implementing recommendations.

➢ Defining roles and responsibilities of all affected departments, e.g., Medical Records, Patient Financial Services, Appeals Management.

RAC Due Diligence

Evaluation of Existing Processes/Systems –

➢ External Record Requests

➢ OIG Communications (Inquiry / Request)

➢ Medicare Comprehensive Error Rate Testing (CERT)

➢ Medicare Additional Documentation Request (ADR)

➢ Medicare Outpatient Reconsideration Appeals

➢ IPRO Review Process

➢ Medicare / Medicaid Fraud Unit Record Requests

➢ Appeals Management

➢ Case Management/Utilization Review

Findings from Evaluation of Existing Processes/Systems – Key findings identified that no single existing process/system mentioned above would fully support the RAC demonstration. Therefore, a hybrid of the attributes associated with *all* of the above processes/systems would need to be created.

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Creating a Useable Database

Partnering with the Greater New York Hospital Association (GNYHA)

<u>April 2005</u> – GNYHA, a not-for-profit healthcare trade association began to design and develop an electronic tool in order to assist member hospitals in managing the RAC process. Much input into the RAC database tool was a result of internal findings from the member hospitals, e.g., Mount Sinai RAC Task Force. Attributes identified which needed to be incorporated into the design of the GNYHA RAC tool were:

➤ The need to centralize communication, e.g., medical record requests, denials, appeals and their respective dispositions.

➤ The need to route information to the appropriate responsible party, e.g., medical record request = Medical Records, denial = Appeals Management.

➤ The need to maintain statistics, e.g., number of requests, type of request, dollar value, outstanding review status, disputed items, etc.

➤ Acts as a tickler file function in order to meet request and filing deadlines

➤ Need for flexibility to apply to different hospitals

<u>September 2008-</u>in collaboration with GNYHA, Mount Sinai to begin beta testing their new and enhanced RAC database tool.

Mount Sinai's implementation of the GNYHA RAC Database and Tracking Tool

Standardization – The tool is completely manual and the user selects the pathway for each RAC communication. Therefore, it was essential to establish standard methodologies for the way information was entered, updated and resolved in order to maintain a consistent process and ensure integrity and accuracy of resulting report data.

Work lists – Every RAC communication results in a work list, which is used by the designated department to identify the action item necessary to fulfill the communication (e.g., Medical Records, Appeals Management) .

RAC Reports – Generates detailed or summary reports

Training and Education – Establish roles and responsibilities for training staff on standardized data entry procedures for each of the process owners.

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Establishing RAC Communication

External – There is a single contact person who is the point of contact for each RAC communication. For Mount Sinai, the Medical Center's CFO accepted the responsibility for this important role to ensure all RAC communications are handled in a timely manner.

Internal – A formal notification process was established to put all process owners on notice when a RAC communication is received. The CFO notifies the Vice President of Patient Financial Services (PFS) who disseminates an e-mail as well as a faxed copy of the communication to all process owners. As previously mentioned, PFS is the 'gatekeeper' of RAC communication and is responsible for entering the incoming RAC communication into the GNYHA Database and Tracking Tool.

Incoming – Communication from RAC contact person to MSMC CFO.

Outgoing – Communication from any of the process owners within Mount Sinai to RAC contact person directly for information clarification or a deadline extension.

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The RAC Journey

Lessons Learned –

➤ Defining the appropriate internal RAC contact person

➤ Defining the business owners and establishing clear roles and responsibilities

➤ Carefully review and design each component of the process to ensure a seamless flow/connection to any of the other subsequent/supporting components of the process

➤ Evaluation of the manual processes at a detailed granular level in order to develop an automated tool that can support the RAC initiative

➤ Track RAC requests by the individual line item listed in the letter

➤ Design meaningful reports that are reflective of the actual impact of the RAC

➤ Develop data mining capabilities to mirror the federal and state initiatives and analyze your intuition's risk

➤ Set up monthly meetings with the respective business owners after the RAC begins at your institution-keep the connection

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Questions?