

Building an Internal Appeal Process with Your Physician Advisor

Dr. Kim Frazier DNP, RN, ACM
Manager of Utilization Review & Appeals
CaroMont Regional Medical Center
Gastonia, NC 28054
kim.frazier@caromonthhealth.org



Building Your Own Appeals Program

Learning Objectives

- ❖ Practical advice from the ground up regarding development of an internal appeal program
- ❖ Organizational cost savings by hiring nurse appeal writers to successfully defend denials
- ❖ Real life obstacles to overcome from one hospital's perspective.
- ❖ Useful tools
- ❖ Insight and painful lessons two years after terminating contract with our former appeal company

CaroMont Regional Medical Center

CaroMont Health

437 bed independent hospital

Gastonia is a suburb of Charlotte, NC

40 OP clinic practices

Magnet Hospital

Level II Trauma Center

Population-209,420 (2013)



Historical Data

Monies spent on out sourcing UR and Appeals

FY 12 \$803,334

FY13 \$793,777

Outsourced UR/Appeals Contract Termination



Terminated contract due to a myriad of reasons. Involved legal with our evidence and we were successful in terming contract 3.5 years early.

Even with a small negotiated payment to company as a settlement, we saved over \$300,000 in FY14

Nurse Appeal Specialists are far more cost effective than outsourcing of appeals

Physician Advisor-Dr. Sharmarke Magan was hired in January 2014. He has been invaluable in this appeals start up program. His Peer to Peer rate is 92%!

Total Savings FY 15

Total year end savings for FY 14 were \$307,705.95

Total year end savings for FY 15 were \$754,804.22



PA Benefit to Organization



- ❖ Onsite Dr. Sharmarke Magan, CHCQM, Physician Advisor that is educating and practicing with peers. He is a practicing Hospitalist.
- ❖ Three 8 hour days a week reviewing appeals, conducting P2P's, reviewing concurrent UR cases...from all payers...not just Medicare
- ❖ Physician Advisor coverage the other days are 2 hours a day, from 1:00pm to 3:00pm. They also conduct P2P's.
- ❖ Review all appeal work and advise on any changes or additions from a medical perspective

The Development of Appeal Department

Nurse Appeal Writers

- ❖ Previously, there had only been one nurse appeal writer that had been very successful in writing only commercial appeals.
- ❖ With RAC on hiatus after the 2 MN Rule, we were only able to get 1 additional FTE for appeal writing
- ❖ This nurse had previous experience on the commercial side and was a long time Case Manager.
- ❖ Also hired FT ED UR nurse and cross trained her for appeals as well
- ❖ Writing sample is critical for this role. Give applicants that you are interviewing, a clinical summary and having them write a sample appeal...then blind the name and have your PA, yourself, and another employee “grade” these.
- ❖ Sounds silly but it can not stressed enough that these are formal papers and excellent writing skills are crucial.

Templates

Why Reinvent the Wheel???

We looked at successful old appeals (Previous company and our own) and determined this...

The appeal letters that the company had been doing for us looked very impressive and had a lot of literature cited and research within the body of the paper...however, they critically lacked the actual patient clinical story of the hospitalization itself. We found that it was about 95% fluff.

We took the best of the Medicare regulatory jargon and a bit of research citations for specific diseases that we see a lot...HF, COPD, Pneumonia, etc. and made a few templates.

The majority of our appeals are heavy on the actual patient condition from presentation in the ED to the day of discharge.



Appeal Writing

Nurse Requirements



- ❖ You will need an experienced nurse that is an excellent chart auditor
- ❖ A solid writer that understands the need to craft the story in a persuasive manner
- ❖ A Physician Advisor that is supportive and helps with the appeals from a medical standpoint.

Other Tools

A Database or Software Program

You will need a software program that preferably is a Claims Audit Manager

You can do this initially on an Excel spreadsheet if you are a small hospital

You do need to be able to assign and keep up with appeal due dates



Challenges we faced...

- ❖ Length of time of a standard appeal approximately (4H)
- ❖ Lack of software program-another department has C360 but will not give UR/Appeals Admin privileges as they are in a crazy silo!
- ❖ Homegrown database that is fragmented
- ❖ Forms for appeal levels...different companies have a multitude of appeal forms
- ❖ Difficulty in finding out if claims have been paid. Some companies will go ahead and process the claim without the benefit of a formal letter to us.
- ❖ Difficulty in calculating our ROI based on favorable outcomes



Challenges Continued...

- ❖ Work with your Director of Contracts to ensure that any upcoming contract negotiations have verbiage ensuring that once front end review is completed and status/class approved...there will be no back end audits and denials.
- ❖ Epic...and Epic reporting, enough said



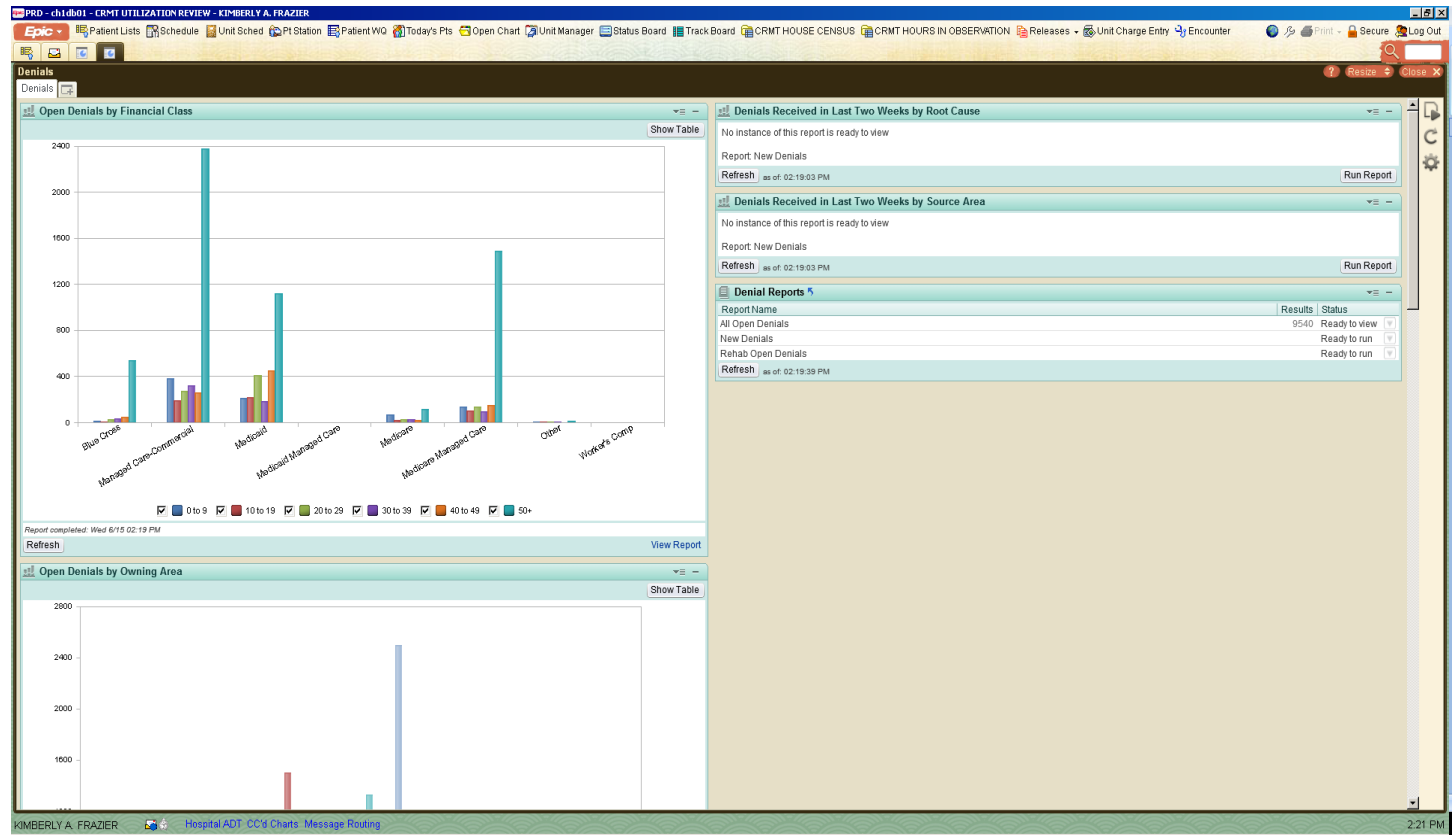
Biggest Challenge Currently



The explosion of denial activity in the past 6-12 months! Both Medical Necessity and DRG denials.

Irrational denials from Managed Medicare companies!

Spike in Managed Medicare and Commercial Denials



Success Rates in the past two years

- ❖ We did elect to go with the 68% Settlement
- ❖ We excluded all cases prior to the start of this department and only calculated closed cases that were processed and paid since we took over the appeals
- ❖ Our success rate is 82% at this time.
- ❖ This is difficult to determine and we are always asking billing to run reports or check FSS0 for us.
- ❖ Medicare success rates are 91%. Interestingly, we do worse with the Managed Medicare companies and commercial companies.



dreamstime.com

Other thoughts...

Humana is a thorn in our sides...just like everyone here I imagine

BCBS of NC is killing us...the entire state! DOJ is now involved it is so bad!

Aetna is now playing games and combining stays and doing crazy things



Where do we go from here?



The deck is certainly stacked against us! We just keep plugging along as a smaller, independent hospital and keep cranking out appeals to these certifiably crazy companies!

Thank you for your time



Questions?

