

RAC... What Every Executive Should Know

... about Root Cause Analysis & Scorecards

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Third National Medicare RAC

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Washington DC Hotel



**Q U O R U M
HEALTH RESOURCES**



Greetings

Objectives

- Root Cause Analysis
- Scorecards

Do You Know Your Risk?

Root Cause Analysis



Should You Conduct an RCA?

- Prior to Records Request – Have you completed a Risk Assessment?
- Upon records request from the RAC
 - ◆ Determine what the RAC's are requesting
 - ◆ Be proactive in identifying issues
 - ◆ Begin building your appeal
- At a minimum – Upon receipt of demand letter



Are You at Risk?

Additional Documentation Request



3/4/2010

Hospital of the South
123 Main Street
Anywhere, USA

Re: Hospital of the South #123456
Letter ID: 12345
Issue: (see attachment)

Dear Hospital of the South

The Centers for Medicare & Medicaid Services (CMS) has retained CGI Federal to carry out the Recovery Audit Contracting (RAC) program in the State of Anywhere. The RAC program is mandated by Congress aimed at identifying Medicare improper payments.

This notice includes a total of 10 Additional Documentation Request for the Issue(s) and Claim(s) listed in the attachment.

Additional Documentation Request Limit: 99 every 45 days with a cap of 200

NOTE: The Additional Documentation Request Limit was based on your TAXID and the first three characters of your Zip Code along with the number of claims paid in 2008.

In accordance with 42 USC 1320(c)(5)(A)(3) and 1833 of the Social Security Act, you must provide documentation upon request to support claims for Medicare services. This request is in compliance with the Health Insurance Portability and Accountability ACT (HIPAA) Privacy Rule which allows release of information without explicit patient consent for treatment, payment and healthcare operations.

All documentation should be submitted to the address or fax number below within 45 days of the date of this notice. Your response is required even if you are unable to locate the requested documentation.

You will be reimbursed for the cost of providing copies of the additional documentation. **Payment will be issues to you within 45 days from the RAC receiving the additional documentation. Payment will be in the amount of 12 cents per page plus first class postage for shipping (if mailed).**

Additional Documentation Request Report

Good Cause for Issue: COPD DRG 88, MS DRG 190, 191

The documentation is being requested because Chronic Obstructive Pulmonary Disease is one of CMS' top volume DRGs. Therefore, DRG 88, currently MS-DRG 190 and/or 191 was selected to determine if the principal and secondary diagnosis were coded inappropriately resulting in overpayments to the hospitals. An analysis of your billing data indicates that a potential aberrant billing practice may exist for these MS-DRGs.

| HIC/ Patient Name | Dates of Service/ Date of Birth | Medical Record # | Patient Control # | Claim Reference# | Letter ID |
|-------------------------|--|------------------------|----------------------|---------------------|--------------|
| 1234567890 | 10/1/2009 – 10/3/2009 3/10/1945 | 123456 | 1234567891234 | 1234567890USA | 12345 |

Please submit the following components of the medical record and/or other documentation to support payment of this claim

| | | |
|-------------------------------------|----------------------------------|-----------------------------------|
| <input checked="" type="checkbox"/> | Entire Medical Record | |
| <input type="checkbox"/> | Face Sheet | Physician progress notes |
| <input type="checkbox"/> | Discharge Summary | Laboratory reports |
| <input type="checkbox"/> | History & Physical | Radiology reports |
| <input type="checkbox"/> | Emergency Room records | Operative reports |
| <input type="checkbox"/> | All nursing notes | Pathology reports |
| <input type="checkbox"/> | ER nursing notes | ICD-9-CM codes submitted |
| <input type="checkbox"/> | Consultations | Physician query |
| <input type="checkbox"/> | Physician orders | UB 04 or HCFA (CMS) 1500 |
| <input type="checkbox"/> | Therapy Treatment Plan and Notes | Medication Administration Records |

Conducting the RCA

■ Log the Records Requested

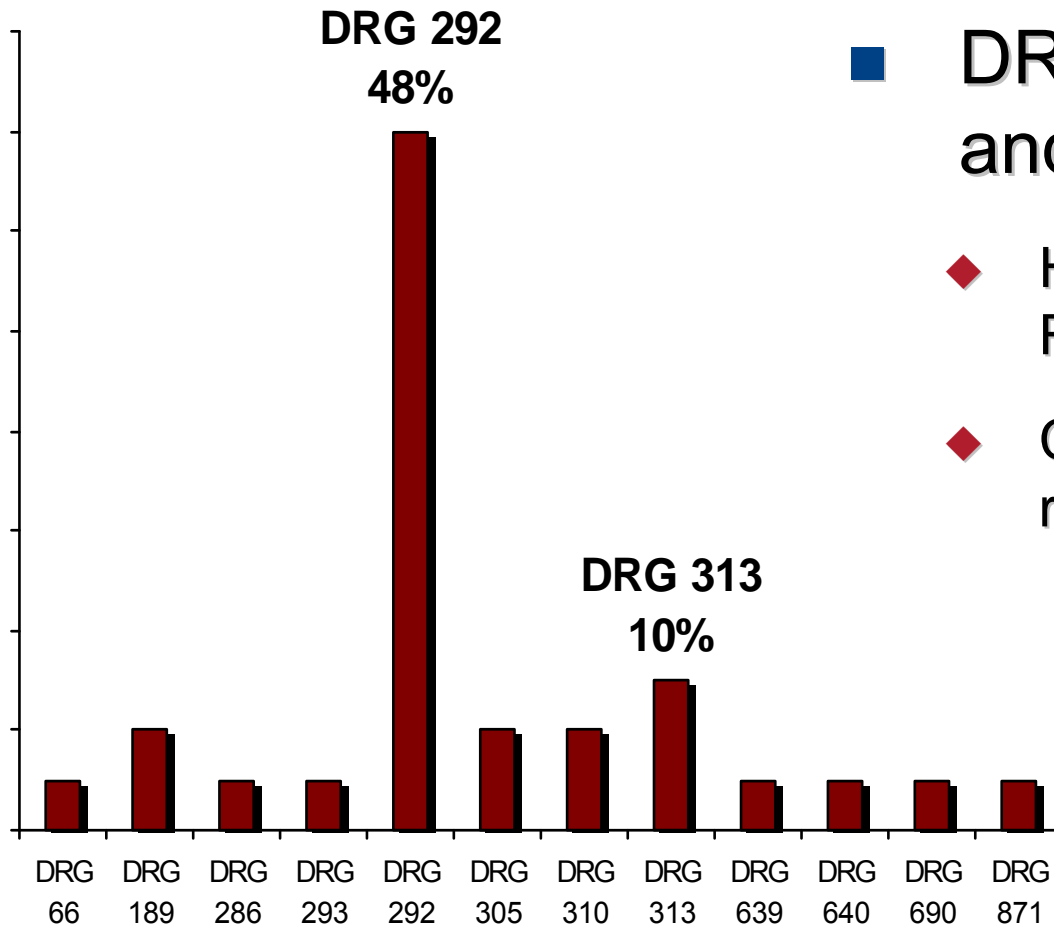
◆ Obtain key claims data

- DRG (if applicable)
- Admitting Diagnoses
- Attending Physician
- Coder
- Case Manager
- Date(s) of Service
- Discharge Disposition
- Etc.
- Original Charges
- Reason for Analysis
- Dates in Question
- State of Appeal
- Estimated Financial Impact to the Organization

What Does the Data Tell You?

| Account Num | DRG | DRG Desc | Attending Physician | Coder | Case Manager | Admit Date | Discharge Date | LOS |
|-------------|-----|---|---------------------|-------|--------------|------------|----------------|-----|
| 376793 | 66 | Intracranial hemorrhage or cerebral infarction w/o CC/MCC | Miller | Carol | Joan | 1/1/2010 | 1/1/2010 | 0 |
| 392093 | 189 | Pulmonary edema & respiratory failure | Jackson | Joe | Leslie | 1/1/2010 | 1/1/2010 | 0 |
| 382148 | 189 | Pulmonary edema & respiratory failure | Jackson | Brian | Leslie | 1/1/2010 | 1/1/2010 | 0 |
| 357161 | 286 | Circulatory disorders except AMI, w card cath w MCC | Jones | Karen | Leslie | 1/1/2010 | 1/4/2010 | 3 |
| 338434 | 293 | Heart failure & shock w/o CC/MCC | Mikey | Brian | Mary | 1/1/2010 | 1/1/2010 | 0 |
| 369063 | 292 | Heart failure & shock w CC | Smith | Joe | Aaron | 1/1/2010 | 1/2/2010 | 1 |
| 349876 | 292 | Heart failure & shock w CC | Jones | Jan | Aaron | 1/1/2010 | 1/2/2010 | 1 |
| 378652 | 292 | Heart failure & shock w CC | Mikey | Brian | Aaron | 1/1/2010 | 1/3/2010 | 2 |
| 359641 | 292 | Heart failure & shock w CC | Mikey | Sue | Aaron | 1/1/2010 | 1/3/2010 | 2 |
| 383225 | 292 | Heart failure & shock w CC | Jefferson | Jan | Aaron | 1/1/2010 | 1/4/2010 | 3 |
| 390712 | 292 | Heart failure & shock w CC | Jefferson | Karen | Joan | 1/1/2010 | 1/4/2010 | 3 |
| 369480 | 292 | Heart failure & shock w CC | Jones | Sue | Leslie | 1/1/2010 | 1/2/2010 | 1 |
| 393731 | 292 | Heart failure & shock w CC | Smith | Joe | Leslie | 1/1/2010 | 1/3/2010 | 2 |
| 386042 | 292 | Heart failure & shock w CC | Jones | Sue | Leslie | 1/1/2010 | 1/3/2010 | 2 |
| 397286 | 292 | Heart failure & shock w CC | Jefferson | Karen | Leslie | 1/1/2010 | 1/4/2010 | 3 |
| 381286 | 292 | Heart failure & shock w CC | Adams | Joe | Leslie | 1/1/2010 | 1/4/2010 | 3 |
| 361974 | 292 | Heart failure & shock w CC | Jones | Jan | Mary | 1/1/2010 | 1/2/2010 | 1 |
| 345292 | 292 | Heart failure & shock w CC | Art | Brian | Mary | 1/1/2010 | 1/3/2010 | 2 |
| 377066 | 292 | Heart failure & shock w CC | Adams | Brian | Mary | 1/1/2010 | 1/4/2010 | 3 |
| 355471 | 305 | Hypertension w/o MCC | Art | Sue | Leslie | 1/1/2010 | 1/2/2010 | 1 |
| 355060 | 305 | Hypertension w/o MCC | Mikey | Joe | Mary | 1/1/2010 | 1/2/2010 | 1 |
| 329351 | 310 | Cardiac arrhythmia & conduction disorders w/o CC/MCC | Jones | Sue | Aaron | 1/1/2010 | 1/1/2010 | 0 |
| 354918 | 310 | Cardiac arrhythmia & conduction disorders w/o CC/MCC | Jones | Carol | Joan | 1/1/2010 | 1/1/2010 | 0 |
| 313180 | 313 | Chest pain | Van Buren | Karen | Aaron | 1/1/2010 | 1/3/2010 | 2 |
| 378456 | 313 | Chest pain | Smith | Carol | Aaron | 1/1/2010 | 1/1/2010 | 0 |
| 297392 | 313 | Chest pain | Van Buren | Karen | Joan | 1/1/2010 | 1/3/2010 | 2 |
| 386839 | 639 | Diabetes w/o CC/MCC | Van Buren | Brian | Leslie | 1/1/2010 | 1/1/2010 | 0 |
| 333990 | 640 | Nutritional & misc metabolic disorders w MCC | Monroe | Jan | Mary | 1/1/2010 | 1/1/2010 | 0 |
| 389269 | 690 | Kidney & urinary tract infections w/o MCC | Madison | Karen | Leslie | 1/1/2010 | 1/1/2010 | 0 |
| 378477 | 871 | Septicemia or severe sepsis w/o MV 96+ hours w MCC | Harrison | Sue | Leslie | 1/1/2010 | 1/1/2010 | 0 |

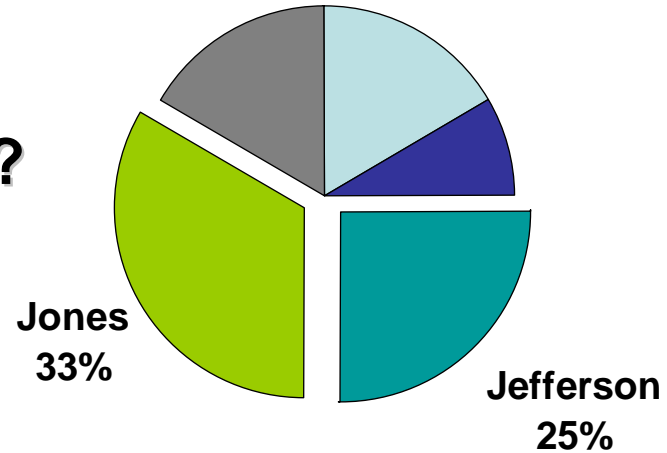
Identify the Patterns



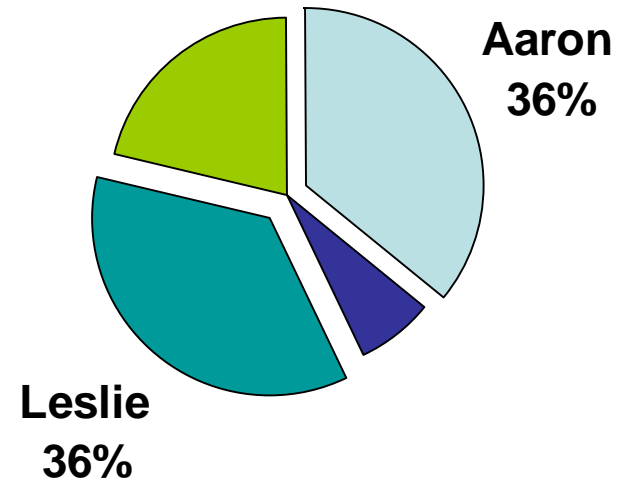
- DRG 292: Heart Failure and Shock w/ CC
- ◆ Highest Rate of Records Request
- ◆ Continues to be a focused review for RAC

Drill Down

- **Is there a physician issue?**

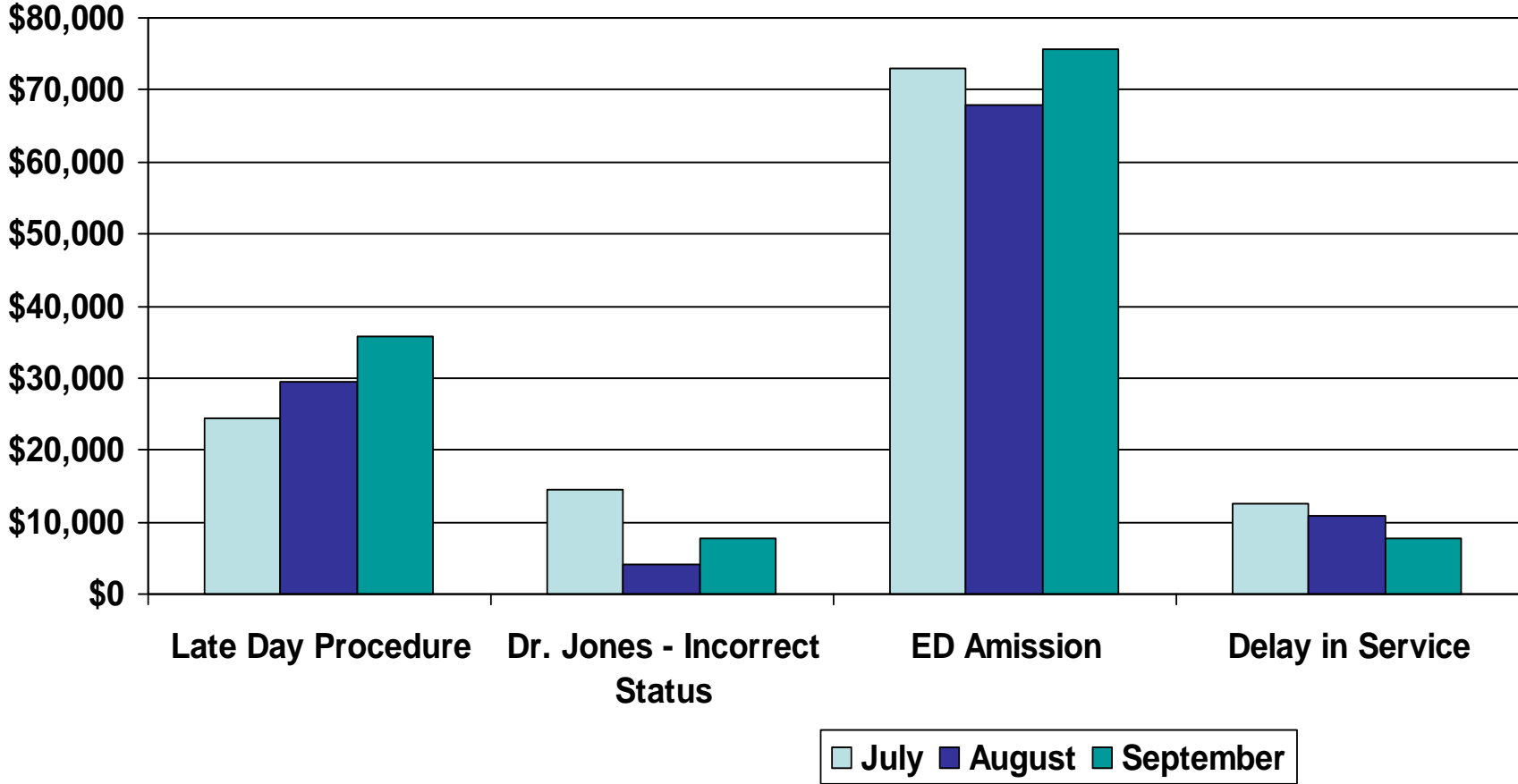


- **A Case Manager issue?**



Audit the Accounts: Track & Trend

Where is your process broken?



Corrective Action Plans

- Once a Risk Area is Identified, create and roll-out a corrective action plan
 - ◆ For every issue identified, a separate corrective action plan should be developed

| Item | Issue | Corrective Action Description | Assigned To: | Due Date | Status |
|------|---|---|--------------------|----------|--------------------------------------|
| 1.0 | Dr. Jones has high level of patients in "incorrect status" | Provide education to Dr. Jones and continue to monitor accounts | Case Manager Jane | 3/10/10 | In progress |
| 2.0 | Patients admitted from ED represent 55% of patients in "incorrect status" | Assign Case Manager to Emergency Room during peak admission hours | Case Manager Sarah | 3/22/10 | Not Yet Stated; Need approval of FTE |

SAMPLE

Scorecards

- Weekly and monthly scorecards will help monitor risk and on-going improvement with corrective action plans

| General Hospital Monthly - RAC Scorecard Last Update - February 28, 2010 | | | | |
|--|-----------|--------|--|---|
| DRG 292 | | | | |
| | Actual | Target | | |
| Medical Necessity Accuracy Rate | 75% | 95% | | ⊗ |
| Principal Diagnoses Accuracy Rate | 82% | 95% | | ⊗ |
| Secondary Diagnoses Accuracy Rate | 79% | 95% | | ⊗ |
| Accounts Denied/Written Off | \$56,000 | \$0 | | ⊗ |
| Zero/One Day Stays | | | | |
| | Actual | Target | | |
| Claims Reviewed within 1 Business Day | 100% | 99% | | ⊗ |
| Medical Necessity Accuracy Rate | 88% | 95% | | ⊗ |
| Coding Accuracy Rate | 94% | 95% | | ⊗ |
| Correct Physician Order | 72% | 95% | | ⊗ |
| Accounts Denied/Written Off | \$225,678 | \$0 | | ⊗ |

Communication

- RAC team
 - ◆ Responsible for conducting root cause analysis
- Senior Management
 - ◆ Proactive reports to Senior Management on all RAC activity
- Board
 - ◆ Communication to Board about:
 - RAC activity
 - Risk Areas
 - Corrective Action Plans
 - Financial Impact

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