Indiana University Health

Thinking Like a RAC
Data Mining and Self-Auditing

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Mission: Leadership and Service to Our Patients

In 1997, one organization—then called Clarian Health—brought together the comprehensive resources of three of Central Indiana’s strongest medical facilities:

    Methodist Hospital of Indiana,
    Indiana University Hospital and
    Riley Hospital for Children.

In January 2011, Clarian Health became Indiana University Health.

Indiana University Health is a non-profit, academic medical health center and is Indiana’s most comprehensive healthcare system, comprising more than 20 hospitals and health centers statewide. Its partnership with the Indiana University School of Medicine – one of the nation’s largest medical schools – gives IU Health patients access to the latest research and most innovative treatments and therapies.

IU Health and its statewide affiliates make up the leading hospital system in Indiana, and one of the busiest and most highly regarded in the nation. There are approximately 22,000 employees in the IU Health system. We serve more than 1.9 million patients annually.
Indiana University Health Facilities

Indiana University Health – Non-profit & For Profit Hospitals

- Non-profit
  - IU Health Methodist Hospital (802 beds)
  - IU Health University Hospital (395 beds)
  - Riley Hospital for Children at IU Health (455 beds)
  - IU Health Saxony Hospital (42 beds)
    - Opening December 2011

- For Profit
  - IU Health Arnett Hospital (141 beds)
    - Max 77 every 45 days
  - IU Health Ball Memorial Hosp (370 beds)
    - Max 66 every 45 days
  - IU Health Blackford Hospital (15 beds)
  - IU Health North Hospital (161 beds)
    - Max 35 every 45 days
  - IU Health West Hospital (127 beds)
    - Max 35 every 45 days

Indiana University Health – Affiliate Hospitals

- IU Health Bedford Hospital (25 beds)
- IU Health Bloomington Hosp (297 beds)
- IU Health Goshen Hospital (122 beds)
- IU Health La Porte Hospital (204 beds)
- IU Health Morgan Hospital (101 beds)
- IU Health Paoli Hospital (24 beds)
- IU Health Starke Hospital (53 beds)
- IU Health Tipton Hospital (25 beds)
- IU Health White Memorial Hosp (25 beds)
IU Health monitors over 100 different web pages in an effort to stay on top of changes in the RAC program.

- CMS
- DCS – Region A
- CGI – Region B
- Connolly – Region C
- HDI – Region D
- Home Pages
- Issues Pages
- ADR Limits
- Audit Claim Status
- FAQ’s
- Etc.

Monitor web pages
Monitor password protected pages
Monitor forums for new postings and replies
Highlight changes in a page
Powerful filter system to ignore unwanted content
Scheduling and email alerts
Pre-Bill Medicare MS-DRG Holds

- Beginning in February of 2010, IU Health set up edits in our coding system to hold all accounts coded for Medicare with specific MS-DRGs.

- Over the next 7 months, we continued to add groups of MS-DRGs to the edit until eventually all Medicare inpatient accounts were being held. These accounts were placed into a special work queue.

- By the end of September 2010 – 100% of Medicare inpatient accounts for all IU Health Facilities are being reviewed daily by our Coding Quality Auditors who perform a second review of each MS-DRG prior to releasing it for billing.
At-A-Glance Analysis

- Current Status of all RAC Requests
- Current Status of all RAC Requests by Facility
- RAC Requests by Facility & Findings
  - (by count and Original Medicare Payments)
    - Favorable – Unfavorable – Pending –
RAC Request Analysis

- RAC Requests by Top 10 MS-DRG’s
- RAC Requests by Top 10 Coders
- RAC Requests by Top 10 Physicians
  - (by count and Original Medicare Payments)
  - Favorable – Unfavorable – Pending –
Dashboard Example

**Complex Review**

**STATUS OF RAC REQUESTS**

- Favorable RAC Decision: 16%
- Under Review by RAC: 4%
- Under RAC: 3%
- Closed - RAC Recorded Request: 0%
- Closed - RAC Decision: 0%
- Closed - RAC Initiated to RAC: 0%
- Pending - RAC Initiated to RAC: 0%
- RAC Findings - Under Review: 1%
- Pending - RAC Decision: 0%
- IU Health to Appeal - Level 1: 6%
- IU Health to Appeal - Level 2: 6%
- IU Health to Appeal - Level 3: 1%
- IU Health to Appeal - Level 4: 1%
- Pending - RAC Initiated to RAC: 1%
- Pending - RAC Decision: 0%
- Pending - RAC Request: 2%
- Pending - RAC Refund: 3%
- Pending - Refund Initiated to RAC: 0%
- Refund Initiated to RAC: 0%
- Refund Request: 1%

**PERCENTAGE OF RAC REQUESTS BY REASON FOR AUDIT**

- Medical Necessity Only: 22%
- MS-DRG: 65%
- Excessive Units: 3%

**Automated Review**

**STATUS OF RAC REQUESTS**

- Closed - Refunded: 97%
- Pending - Refund Initiated to RAC: 1%
- Pending - Refund Request: 2%
- Pending - RAC Initiated to RAC: 0%
- Pending - RAC Decision: 0%
- Pending - RAC Request: 0%
- Pending - RAC Refund: 0%
- RAC Findings - Under Review: 1%
- IU Health to Appeal - Level 1: 2%
- IU Health to Appeal - Level 2: 2%
- IU Health to Appeal - Level 3: 1%
- IU Health to Appeal - Level 4: 1%

**PERCENTAGE OF RAC REQUESTS BY REASON FOR AUDIT**

- OP within an IP stay: 62%
- MUE: 21%
- Once in a lifetime Procedures: 1%
- Hospital to Hospital Transfer: 11%
- Excessive Units: 4%
- PreAdmission Testing: 1%
Dashboard Example

A. % MC Statused within 24 hours vs. % Statused Prior to DSCH

B. % of MC 1-Day Stays Reviewed Prior to Discharge

C. % of Medicare Reviews Sent to EHR

D. % of Condition Code 44 Cases Identified

By Facility & Month - year to date

11/6/2011
Dashboard Example

RAC Requests by Reason for Audit
System Wide - Original Medicare Payment

- MS-DRG: 69%
- Medical Necessity Only: 18%
- Medical Necessity and MS-DRG: 10%
- Excessive Units: 1.4%
- MUE: 0.3%
- OP within an IP Stay: 0.2%
- Outpatient - RX Oxaliplatin: 0.1%
- PreAdmission Testing: 0.1%
- Hospital to Hospital Transfer: 0.1%
- Once in a Lifetime Procedures: 0.0%

11/6/2011
Dashboard Example

RAC Findings by Initial Determination
System Wide - Original Medicare Payment

Favorable * No More IU Health Risk: 76%
Inpatient Coding Error (MS-DRG): 14%
Medically Unnecessary: 9%
Billing Error: 0.5%
Rescind: 0.3%
Incorrect Discharge Status**: 0.2%
Other: 0.0%
Mitigation of Future Risk

• Initiation of networking consortium with hospitals in other RAC regions
  – Gain knowledge of other RACs methods and issues
  – Share operational best practices

• Initiate pre-bill medical record review of Medicaid accounts
Mitigation Experience ~
DRG Detail Breakdown

- Coding & DRG Validation
  - Process is centrally managed by one IU Health System Manager and is corporately owned by Revenue Cycle Services (RCS)
  - RCS has dedicated resources to support the RAC process as well as review and appeal RAC denials
  - Experience to date has yielded a 26% success rate of appeal at the 1st level of appeal (Fiscal Intermediary)
  - 100% of Medicare accounts are reviewed pre-bill for DRG accuracy effective September 2010
  - Computer-Assisted Coding technology implemented in the latter of 2011 will strengthen coding accuracy, which will in turn mitigate future RAC coding risk
The term Medical Necessity is used to reference whether the clinical picture of a patient warrants an inpatient stay versus an observation or outpatient stay.

- One day inpatient stays with older dates of service are a high risk at this time. The majority being reviewed were prior to the implementation of Executive Health Resources (E.H.R.) reviews and Care Management staffing changes.
- RAC has increased the volume of record requests every 45 days from 300 to 500 for DRG and Medical Necessity combined effective February 15, 2011.
- RAC is obviously staffing up on the Clinical side, as evidenced by the increasing proportion of Medical Necessity requests each review period.
70% of MN denials were admitted emergently versus 29% being admitted electively as inpatients.

Research revealed that a large majority of one-day inpatient stay denials are occurring on the Hospitalist and Cardiovascular Medicine services.