

Inpatient and Outpatient Rehabilitation

Where are the RACs?

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Impact of the RAC Demonstration Project

<i>Overpayments by Provider Type (1)</i>	<i>Impact (in millions)</i>
Inpatient Rehabilitation Facility	\$59.7
Outpatient Hospital	\$44.0
Physician	\$19.9
Skilled Nursing Facility ++	\$16.3
Ambulance/Lab/Other	\$5.4
Durable Medical Equipment	\$6.3

<i>Outpatient Hospital – Speech-Language Pathology Services</i>	<i>% of Total for Outpatient Hospital</i>	
Amount Collected ³	\$3.2M	36.67%
Number of Claims with Overpayments ³	24,991	55.76%

Impact of RAC Demonstration Project

- ▶ Inpatient Rehabilitation – \$59.7 million
 - Primary focus – Medical necessity
- ▶ Outpatient Rehabilitation – \$3.2 million
 - Primary focus – charges
 - SLP only
 - Specifically related to “untimed” units of service/charges
 - Significant carry over to other outpatient therapy services

¹ Cumulative through 3/27/08, NOT net of impact of appeals.

² Outpatient Rehabilitation amount included in “Outpatient Hospital” figures.

Source: The Medical Recovery Audit Contract Program: An Evaluation of the 3-Year Demonstration.

The Issues for the RACs

The Issue for the RACs

Inpatient Rehabilitation – Medical Necessity

- ▶ “The IRF Benefit is designed to provide intensive rehabilitation therapy in a resource intensive hospital environment for patients who, due to the complexity of their nursing, medical management and rehabilitation needs, require and can reasonably be expected to benefit from an inpatient stay and an interdisciplinary approach to the delivery of rehabilitation care.”
- ▶ The medical record for the patient that is admitted to the IRF must demonstrate/ support the admission to an inpatient rehabilitation bed rather than any other level of care.

The Issue for the RAC

Outpatient Therapy – Charges

- ▶ Untimed units
 - Evaluation
 - Group
 - SLP treatment charges

Universal Issue – Documentation

- ▶ “Documentation that is not legible has a direct affect on the RAC reviewer’s ability to support that the services billed were medical necessary and were provided in an appropriate setting. CMS encourages providers to ensure that all fields on documentation tools (such as assessments, flow sheets, checklists, etc.) are completed, as appropriate. If a field is not applicable, CMS recommends that providers use an entry like “N/A” to show that the questions were reviewed and answered. Fields that are left blank often lead the reviewer to make an inaccurate determination.”

www.cms.gov

Critical issues – documentation

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Where are the RACs?

The Impact of the Appeal Process for Inpatient Rehabilitation

Provider Appeals of RAC-Initiated Overpayments: Cumulative through 8/31/08, Claim RACS only, Part A Claims Only

Claim RAC	Claims with Overpayment Determinations	# appealed to FI	# appealed to QIC	# appealed to ALJ	# appealed to DAB	Total # appealed	% appealed (all levels)	Total # favorable to provider	% favorable to provider	% of all claims overturned on appeal
Connolly	78,698	6608	1067	73	18	7,766	9.9%	4007	51.60%	5.1%
HDI	104,394	24,318	6,053	556	7	30,934	29.6%	11,658	37.69%	11.2%
PRG	91,860	11868	3410	1380	172	16,830	18.3%	2478	14.72%	2.7%
Unknown	na		1018	201	0	1,219	n/a	443	36.34%	n/a
All RACS	274,952	42,794	11,548	2,210	197	56,749	20.6%	18,586	32.75%	6.8%

*Source: RAC invoice files, RAC Data Warehouse, and data reported by the Administrative Qualified Independent Contractor (AdQIC) and Medicare claims processing contractors
Medicare Recovery Audit Contractor (RAC) Program: Update to the evaluation of the 3 Year Demonstration, January 2009*

CMS's Response

- ▶ Coverage Guidelines for Inpatient Rehabilitation
- ▶ The PEPPER Reports
- ▶ And.....

RAC Activity

- ▶ Outpatient Therapy
 - All four regions
 - CGI (Region B)
 - Untimed codes
 - Mutually exclusive and bundling
 - Connolly
 - Untimed codes
 - HDI

RAC Activity

- ▶ Inpatient Rehabilitation
 - MAC activity – probe audits
 - Complex reviews approved by CMS and listed on the HDI website
 - Connolly
 - Re-admissions
 - PA Transfers – underpayments

Be Proactive!

- ▶ Inpatient Rehab is NOT off the RAC radar screen!
- ▶ Know the risks for your organizations
- ▶ Don't ask staff
 - Every compliance plan should have an independent audit of IP records and OP records/billing
 - If risks are identified, calculate the scope of the risks
 - Educate all outpatient therapy staff on the circumstances that lead to denials, including changes to your charge master
- ▶ Make the necessary changes to decrease your risks

Be Proactive!

- ▶ Be aware of the volume of records that could be requested
 - Limits per campus
 - Previous year's Medicare volume
 - Caps
- ▶ Do not be misled that your rehab services are such a small piece of the overall "pie" that there will not be a significant impact

In Summary ...

It's all about the money ...

Efforts to ensure accurate
reimbursement **MUST** demonstrate
medical necessity and accurate billing

Questions?



Contact Information

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