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Medicare and Medicaid Recovery Auditor Newsletter

July 2015

If there are any RAC concerns that need to be addressed with CGI, HMS, Truven Health Analytics, OMPP or CMS, please contact Dave Wiesman, IHA Vice President, at dwiesman@IHAconnect.org or 317-423-7741.

AHA RAC Trac Survey

Hospitals continue to appeal RAC claim denials, according to the latest report from the AHA's quarterly RAC Trac Survey. Hospitals participating in the first-quarter 2015 survey report appealing 44% of all RAC claim denials, with a 73% overturn rate in the appeals process. Hospitals also report that RACs cite inpatient coding errors as the most common reason for claim denials. In addition, hospitals continue to spend significant funding and resources to manage the RAC process, according to the survey.

CMS

In the proposed outpatient prospective payment rule for calendar year 2016, CMS proposes to alter its two-midnight policy so that certain hospital inpatient services that do not cross two midnights may be appropriate for payment under Medicare Part A if a physician determines and documents in the patient's medical record that the patient requires reasonable and necessary admission to the hospital as an inpatient. CMS does not propose any changes for stays that are expected to last more than two midnights.

Also, in the proposed rule, CMS intends changes to auditing inpatient status proposing to use Quality Improvement Organizations (QIO) to conduct first-line medical reviews of the majority of inpatient status claims rather than using the MACs or RACs. In addition, if a hospital receives a consistently high denial rates, that provider would be referred and audits would continue by the RAC.

On July 10th, CMS posted that it has withdrawn its request for quotes for the next round of recovery audit contractor contracts. CMS plans to update the Statement of Work for the RAC program and release requests for proposals soon. In the meantime, CMS says current RACs will continue auditing through at least Dec. 31.

Also on July 10th, CMS posted the ADR limitations for RAC review of outpatient therapy threshold claims; therapy claims that exceed the \$3700 threshold and were paid March 1, 2014 through December 31, 2014. In an effort to minimize provider burden, CMS set restrictions on the number of ADRs that could be sent related to these claims.

- 1st ADR: can only request documentation for 1 claim
- 2nd ADR: can request up to 10% of total eligible claims
- 3rd ADR: up to 25% of remaining eligible claims
- 4th ADR: up to 50% of remaining eligible claims
- 5th ADR: up to 100% of remaining eligible claims

CGI NEWS

CGI reports that Diane Earl is now working with the RAC Validation Contractor who performs the accuracy study review. CGI's latest accuracy rating completed by the Validation Contractor was 100%.

CMS has approved two new issue packages for CGI during this extension:

- DRG Validation – 518, 520, 266 and 267,
- LTAC stays up to 5 days longer than the SSO package

The next round of ADR letters were sent on July 20 in addition, to the 4th round of Post-pay Therapy ADR letters were sent.

CGI reports that it has 3,287 records that are outstanding from providers. They have continued to reach out to providers for delinquent records but have not received them therefore, will begin technical denials for non-submission.

Results from the June Discussion Period reviews are as follows:

Total: 374; Resolved: 223; Reversed: 21 MS DRG, 182 Drug Reviews; 134 Upheld and; 17 Modified.
