

Postpayment Audits: Preparation and Response



BUSINESS OF ONCOLOGY PROGRAM

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Session Objectives

- Identify various types of postpayment audits
- Learn strategies that may reduce the negative financial impact of a postpayment audit

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If You are Audited...

- That does not mean you have done something wrong
- Your billing likely deviates from the norm
- Send in supporting documentation
- You may receive a request to repay an overpayment
- You will have the right to appeal their findings
- Do not fabricate or alter documentation/information
- Remember, it can escalate...

Types of Claim Review

- Review = Audit
- Prepayment
- Postpayment
- Not limited to Medicare and Medicaid
- Automated vs. complex

Types of Prepayment Review

- National Correct Coding Initiative (NCCI)
- Medically Unlikely Edits (MUE)
- Medical Review (MR)

Why Do Health Plans Perform Postpayment Audits

- Identify program error rates (i.e., CERT, PERM)
- Inspect integrity of program (i.e., OIG)
- Investigate provider-specific issues

Types of Postpayment Review

- Comprehensive Error Rate Testing (CERT)
- Recovery Audit Program / Recovery Audit Contractor (RAC)
- Medical Review (MR)

Postpayment Medical Review (MR)

- Probe audit
- Statistically valid random sampling
- Sample vs. universe

Calculation of Overpayment

- Actual vs. extrapolated
- Payment error rate vs. billing error rate

Why Providers are Targeted

- High volume of services
- High cost
- Dramatic change in billing frequency
- High risk, error prone areas
- Vulnerable areas identified by RA, CERT, OIG

Why Providers are Targeted

- Questionable billing practices through data analysis
- Alerts from CERT, RA, OIG, etc.
- Complaints
- Error validation

- High volume of services
- High cost
- Dramatic change in billing frequency
- High risk, error prone areas
- Vulnerable areas identified by RA, CERT, OIG

Who Requests Medical Record Documentation?

- Medicare Administrative Contractors (MACs)
- Comprehensive Error Rate Testing Contractor (CERT)
- Payment Error Rate Measurement Contractor (PERM)
- Medicare Recovery Auditors (formerly called RACs)

Risk Areas

- DHHS OIG Work Plan 2012
- Issued fraud alerts
- Approved Connolly Medicare RAC audit issues
- GA OIG-MIU targets
- New Myers and Stauffer LC (MSLC) Medicaid RAC initiatives (April 2012)

DHHS OIG Work Plan (partial)

- Place of service errors – HOPD, ASC
- Excluded entities
- Evaluation and management coding (E/M)
- Diagnostic imaging procedures in ED, IDTF
- Focus on error prone, outlier providers
- Billing for immunosuppressive drugs
- Payments for off-label anticancer drugs and biologicals

Recent Approved RAC Issues (May 2012 to date)

- Connolly (www.connolly.com)
- Pemetrexed billed with non-covered diagnosis
 - Automated review, approved 8/6/12
 - Date of service from 10/1/07
 - Cahaba local coverage article A48896
- Erythropoiesis Stimulating Agents (ESAs) not billed in accordance with applicable LCD
 - Automated review, approved 5/22/12
 - Date of service from 10/1/07
 - Cahaba LCD L30024

Still a BIG Target

- Evaluation and Management Services (E&M) continue to be the focus of review
 - High levels of service (i.e., 99214, 99215)

Your Utilization Profile Benchmarked to 2010 Medicare Part B Physician/Supplier Procedure Summary Data

CPT Code	Description	National %	Locality %	Your %
New Patient Office Visits				
99201	NEW PATIENT - FOCUSED	.20%	.82%	.00%
99202	NEW PATIENT - EXPANDED	.94%	2.17%	.00%
99203	NEW PATIENT - DETAILED	8.09%	16.21%	.00%
99204	NEW PATIENT - COMPREHENSIVE	34.04%	34.32%	.00%
99205	NEW PATIENT - COMPLEX	56.74%	46.48%	.00%
	Group Sub-Total	100%	100%	100%
Office Visits-Established Patients				
99211	EST PATIENT - MINIMAL	4.10%	6.96%	.00%
99212	EST PATIENT - FOCUSED	4.19%	10.13%	.00%
99213	EST PATIENT - EXPANDED	35.10%	42.37%	.00%
99214	EST PATIENT - DETAILED	47.09%	37.14%	.00%
99215	EST PATIENT - COMPREHENSIVE	9.51%	3.40%	.00%
	Group Sub-Total	100%	100%	100%

Notification of Postpayment Review

- Written notice, usually certified mail
- Not in all cases (ZPIC)

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How Do You Know You are Being Audited?

CENTERS FOR MEDICARE AND MEDICAID SERVICES
CERT OPERATIONS CENTER
9090 Junction Drive, Suite 9
Annapolis Junction, MD 20701

Important Dated Information Enclosed

Immediate Response Required

Medicare Record Request



If no addressee name is shown, forward to Medical Records Department.

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Simplified Postpayment MR

- Usually not be a complete surprise
- Request/notification
- Auditor will review documentation you submit to billing and coverage policies
- Demand letter (overpayment)
- Defined period to initiate an appeal
- Recoupment

Case Study

- Health plan audit of one physician
 - Focused on E&M services
 - 20 patient sample from 2009 to present
 - Desktop audit based on documentation submitted
 - Plan audit team was Special Investigations Unit
 - Demand of immediate reimbursement of \$373k

Step One

- Provider engaged legal counsel
- Legal counsel engaged MMA
 - Review situation and documentation
 - Strategy for response and appeal
 - Reduce overpayment

Key Provider-Side Problems

- Staff did not keep a copy of record request or records submitted
- No physician review prior to submitting records
- Disclosure to auditor of separate record keeping by contracted provider


Key Auditor-Side Problems

- Not a statistically valid sample
- Claim error rate did not account for what should have been paid (partial overpayment)
- No detailed findings in the demand letter
- Findings were not consistent with Plan policy
- 3-year extrapolation of error rate
- Auditor advised physician to rebill corrected claims

Reasons for 100% Denial

- Levels of service not supported
- No documentation submitted
- EMR notes not signed prior to claim payment
- Services of non-physician practitioner (NPP) not signed by physician
- Physician not listed as supervising physician on NPP protocol agreement

Federal Employee Program			Other		
CPT	Paid Amt	Adjusted Amt	CPT	Paid Amt	Adjusted Amt
99204	18517.13; 75%	13887.85	99204	51721.68; 75%	38791.26
99213	16642.91; 54%	8987.17	99213	35484.50; 54%	19161.63
99214	92022.56; 89%	81899.58	99214	232407.14; 89%	206842.35
99215	1207.38; 100%	1207.38	99215	2424.45; 100%	2424.45
Total: 128389.98; Adj. 105981.98			Total: 322037.77; Adj. 267219.69		


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Key Strategies

- Resend documentation reviewed by physician
- Understand auditor’s process and negotiation latitude
- Appeal specific findings
- Recalculate overpayment
 - Payment error rate vs. billing error rate
 - Shorter look-back period (extrapolation)
- Full rights to appeal, no ticking clock
- Close the book on the identified issues

Recalculation of Overpayment

- MMA determination of level of service
- Signature not required prior to claim payment
- Physician was listed as supervising physician
- Payment error rate
- One year extrapolation

Meeting the Auditing Team

- SIU, auditing, legal...
- Provider, legal counsel, consultant
- Strategy
 - Clarify no intent
 - Identify operational obstacles (especially recent)
 - Face to the numbers
 - One of few providers taking new patients
 - Clarify recalculation assumptions
 - No offer for settlement at that time
 - Period to present findings
 - Email summary of assumptions

CPT Code	Modifier	Payment Date	ICN	DOB	Actual Paid	CPT Reported by Practice	Findings	Payment Based on Findings	PA/NP Reduction %	NMA Findings	PAI Based on MPA Findings	Overpayment Determined by MMA
99214					95.73	99214	99213	48.99		99213	48.99	46.73
99214					97.73	99214	99213	48.99		99213	48.99	48.74
99214	25				108.59	99214	99213	48.99		99213	48.99	59.60
99214					97.73	99214	99213	48.54		99214	97.73	0.00
99214					95.44	99214	99213	48.54		99214	95.44	0.00
99214	25				81.04	99214	0	0.00	15%	99214	68.58	12.14
99214					66.04	99214	0	0.00		99214	66.04	0.00
99214					66.04	99214	0	0.00		99214	66.04	0.00
99214					66.36	99214	99212	24.82		99213	48.36	18.00
99214	25				0	99214	99213	0.00		99214	0.00	0.00
99214					66.36	99214	99213	48.99		99213	48.99	17.37
99214					68.59	99214	99213	48.54		99213	48.54	20.05
99214					68.59	99214	99212	22.27		99213	48.54	20.05
99214					66.04	99214	0	0.00	15%	99214	56.13	9.91
99214					66.04	99214	0	0.00	15%	99214	56.13	9.91
99214					108.59	99214	99213	51.20		99214	108.59	0.00
99214					0	99214	99213	0.00		99214	0.00	0.00
99214					0	99214	99213	0.00		99214	0.00	0.00
99214					108.59	99214	99213	51.20		99214	108.59	0.00
99214					0	99214	99213	0.00		99214	0.00	0.00
99214					106.04	99214	99213	51.20		99214	106.04	0.00
99214					106.04	99214	99213	51.20		99213	51.20	54.84
99214	25				106.36	99214	0	0.00		99213	24.82	81.54
99214					106.36	99214	99212	24.82		99213	48.36	58.00
					Payments: 10,656.20						Total Overpayment	2,111.74
										Payment Error Rate	19.817%	

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One Year Extrapolation

Federal Employee Program			
CPT	Total Payments	Payment Error Rate	Calculated Overpayment
99204	\$6,583.68	19.462%	\$1,281.32
99213	6942.43	3.596%	249.65
99214	33531.63	19.817%	6644.96
99215	809.7	30.400%	246.15
Subtotal	\$47,867.44		\$8,422.08
Other			
CPT	Total Payments	Payment Error Rate	Calculated Overpayment
99204	\$18,326.35	19.462%	\$3,566.67
99213	17050.06	3.596%	613.12
99214	85470.1	19.817%	16937.61
99215	1337.96	30.400%	406.74
Subtotal	\$122,184.47		\$21,524.14
Total	\$170,051.91		\$29,946.22

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Result

- Offer to settle for \$29k accepted
- Payment plan over 30 months rejected, accepted 12 months of equal payments at 1.5% annual interest
- Settlement agreement provides some protection against reopening issues that did not result in an overpayment
- Physician on the right path

Questions

Thank You for Your Attention and
Enjoy the Conference!

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- 18 years of healthcare consulting experience and executive leadership of boutique and national consulting and education firms. He has assisted hundreds of medical provider, legal, professional/medical associations, pharma, government, and health plan clients in the areas of developing and executing management, reimbursement and regulatory compliance strategy. Clients served range from solo physicians in private practice to Fortune 500.
- John earned a Bachelor of Business Administration from the University of Georgia, Terry College of Business (UGA) and holds multiple certifications, including Certified Professional Medical Auditor and Certified Professional Coder from the AAPC.
- John is a member of the Health Care Compliance Association and American Academy of Professional Coders.