

Compliance Round-Up

RAC Prepayment Review Demonstration Project
& Expansion of ZPICs

May 8, 2012



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Continuing Goals

The goals of the Compliance Round-Up Webinars:

- Teaching/knowledge transfer
- Keep you up to date on compliance rules
- Practical points
- Assist organizations to develop in-house methods of managing
- Please share your thoughts, suggestions (and criticisms)

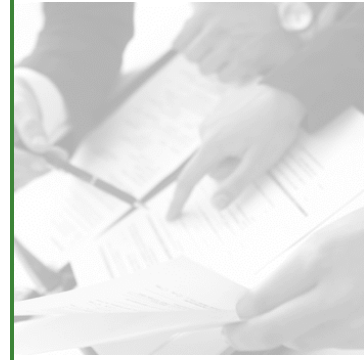


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Compliance Round-Up: Webinar Overview

Administrative Matters

- Monthly on the 2nd Tuesday of the month
- No charge! (feel free to spread the word....)
- Each session will be 60-75 minutes in duration
- Each session will begin at 12:00 PM CT
- If you are unable to participate in the live discussion, each session will be recorded and made available in MP3 format



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Today's Topics

- RAC Prepayment Review Demonstration Project
 - What it entails
 - Suggestions for preparing and managing
- ZPIC roll-out in Zone 3



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RAC Prepayment Review

- States Impacted:
 - FL
 - CA
 - MI
 - TX
 - NY
 - LA
 - IL
 - PA
 - OH
 - NC
 - MO



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CMS Statement

- “Will allow Medicare Recovery Auditors (RACs) to review claims before they are paid to ensure that the provider complied with all Medicare payment rules. The RACs will conduct prepayment reviews on certain types of claims that historically result in high rates of improper payments.”
- “This demonstration will also help lower the error rate by preventing improper payments rather than the traditional "pay and chase" methods of looking for improper payments after they occur.
- Most complete CMS document:
 - https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/CERT/downloads//RAC_Prepay_slides.pdf



CMS Statement on Timing

- Originally, January 1, 2012, then postponed.
- Now....
 - “This demonstration is expected to begin on or after June 1, 2012.”
- Will it start on time?



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What can you tell from categories?

Purported “high rates of fraud and abuse”

- Florida
- California
- Michigan
- Texas
- New York
- Louisiana
- Illinois



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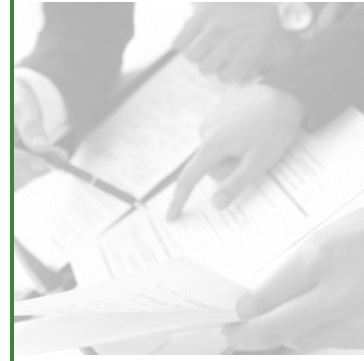
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What can you tell from categories?

Purported “high one day stays”

- Pennsylvania
- Ohio
- North Carolina
- Missouri



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Making a Distinction in Florida MAC Prepayment – but learning

- The Florida MAC is First Coast Service Options (FCSO)
- Began prepayment review for 100% of 25 MS-DRGs on March 21, 2012
 - Already had 19 under partial prepayment review
- The Florida program is different from the RAC prepayment review
- FCSO committed to recoup physician fees (particularly surgical) for medically unnecessary services identified in prepayment review



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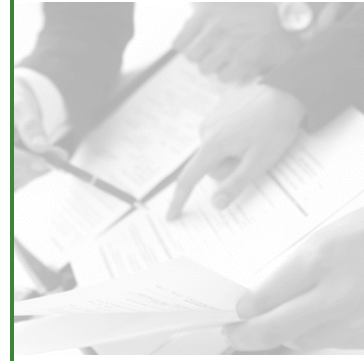
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Making a Distinction in Florida MAC Prepayment – but learning

- FL focus: Cardiovascular and orthopedic services
- MS-DRGs: 153, 328, 357, 455, 473, 517
226, 227, 242, 243, 244, 245, 247, 251, 253,
264, 287, 313, 392, 458, 460, 470, 490, 552,
641
- Plus all one-day stays “in the near future”



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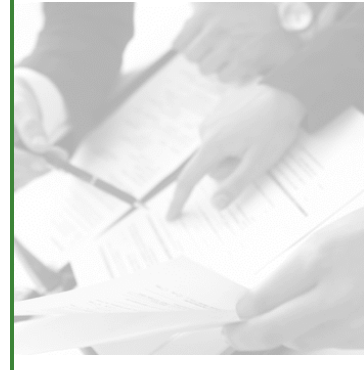
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Making a Distinction in Florida MAC Prepayment – but learning

- What can we learn from Florida?
- Even if you are not a provider in FL, keep an eye on the results
 - If the program “works” from CMS’s perspective, expect more MACs to utilize this process
- CMS sees these efforts as moving away from what they refer to as “pay and chase”



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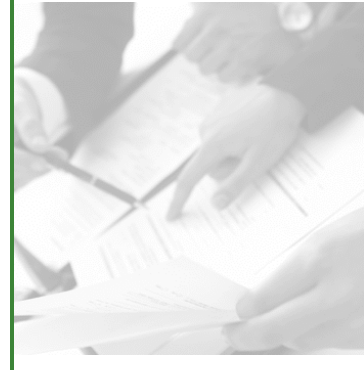
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The RAC Prepayment Review Demonstration Project

- What is a demonstration project?
 - In a way, it is an experiment
 - Departure from normal rules to test whether it is successful in its goals
- RAC Prepayment Review Demonstration Project will last from June 1, 2012 to December 31, 2014



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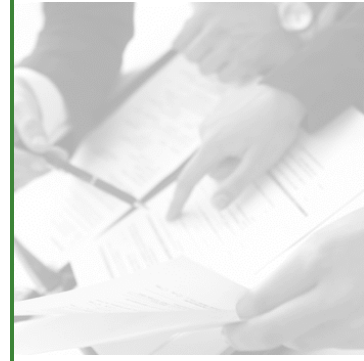
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What does the RAC prepayment review project mean?

- As a practical matter, the RAC will be able to choose a claim and request medical record documentation before the MAC is allowed to pay.
- Important note: At this time, there are no clear rules, though Program Integrity Manual provides a framework and CMS has provided some education documents



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CMS Prepayment Reviews

- The Medicare Program Integrity Manual, Chapter 3 sets out rules for prepayment reviews in Section 3.2 – applies to RACs
- “Prepayment review occurs when a reviewer makes a claim determination before claim payment has been made. Prepayment review always results in an “initial determination.””



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Can a provider appeal being placed on hold?

- At this time, there is no appeal process for being placed on hold or subject to prepayment review
- Experience with other Medicare contractors and prepayment review is that there is no administrative procedure for getting “off” prepayment review



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How many records can be under prepayment review?

CMS statement:

- “Limits on prepayment reviews won’t exceed current post-payment ADR limits”



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Will there be an Additional Document Request?

- ADR: Additional Document Requests or Additional Development Requests
- Yes, there will likely be an ADR
 - The ADR will come from the MAC
- ADR response for a prepayment review is 30 days from request for MAC prepayment review...for RAC?
 - Postpayment for RAC is 45 days



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Will there be an Additional Document Request?

- A prepayment review “suspends” the claim in the MAC’s system
- If the ADR is not complied with, then no payment
- If the ADR is complied with in a timely manner, then the claim is reviewed
- Note: This takes extra people on both sides



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Who will get an ADR under prepayment review?

- Medicare contractors have the authority to send ADRs to any 3rd party with relevant information
- This possibly could include physicians for the hospital payment review
 - Though, what is their incentive to do so?



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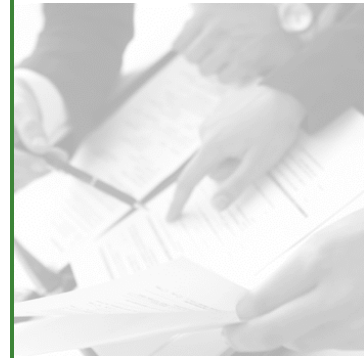
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What will the RACs look at for prepayment review?

Program Integrity Manual:

- “MACs have the discretion to post the screening tools in use to their Web site or otherwise disclose to the provider community.”
- “Recovery Auditors shall use screening tools and disclose their use to the provider community consistent with the requirements in their statements of work (SOWs).”



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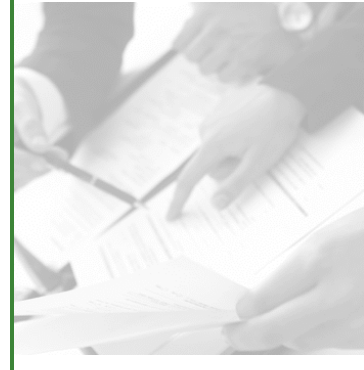
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What will the RAC's review?

Currently 8 MS-DRGs:

1. Syncope and collapse (MS-DRG 312)
2. Transient ischemia (MS-DRG 069)
3. Gastrointestinal hemorrhage with complications and comorbidities (MS-DRG 378)
4. Gastrointestinal hemorrhage with major CC (MS-DRG 377)
5. Gastrointestinal hemorrhage without CC/MCC (MS-DRG 379)
6. Diabetes with MCC (MS-DRG 637)
7. Diabetes with CC (MS-DRG 638)
8. Diabetes without CC/MCC (MS-DRG 639)



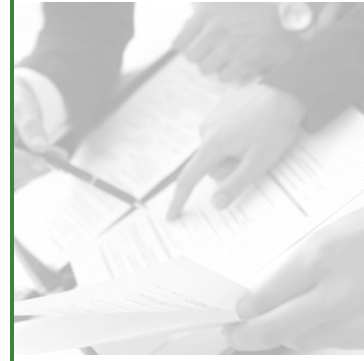
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How long will it take to be paid?

- The question assumes a payment!
- Currently MAC prepayment reviews require a determination within 60 days after receiving ADR response – CMS is requiring 45 day turn-around for RAC prepayment
- Assuming the RAC finds the claim valid and medical necessity exists, the claim should be paid within 45 days of responding to the ADR



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How long will it take to be paid?

- If the RAC determines the claim is not valid, then the claim will not be paid and the provider will receive:
 - Notice on remittance advice
 - A determination letter from the RAC
- The prepayment review is appealable in the normal way
- Big Difference:
 - In postpayment RAC review, the provider can choose to keep the money while it appeals
 - In prepayment RAC review, the provider does not have the money while it appeals



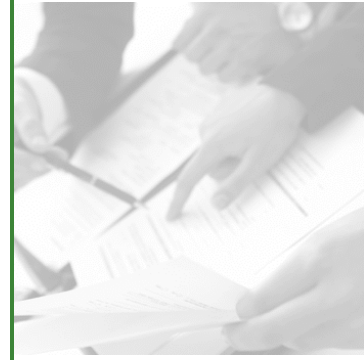
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ZPICs in Zone 3

- ZPIC: Zone Program Integrity Contractor
- Zone 3:
 - Michigan
 - Minnesota
 - Illinois
 - Ohio
 - Wisconsin
 - Kentucky
- Operational: April 24, 2012
- Longer discussion of ZPICs on June call



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Cahaba ZPIC in Zone 3

<http://www.cahabasafeguard.com/>

Areas the ZPIC covers:

- Part A
- Part B
- Home Health
- Hospice
- Durable Medical Equipment

Goals:

- Investigations
- Law enforcement referrals
- Data analysis
- Medical review in support of investigations



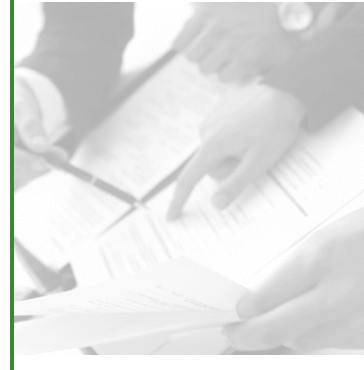
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ZPICs

- Allowed to do prepayment review
 - No limits to request
 - No timeframe for response
- Allowed to do sampling and extrapolation
- There is no administrative route to get “off” prepayment review
- Can come on-site unannounced
- Treat a ZPIC as a fraud investigation
 - ZPICs do not do audits without a purpose



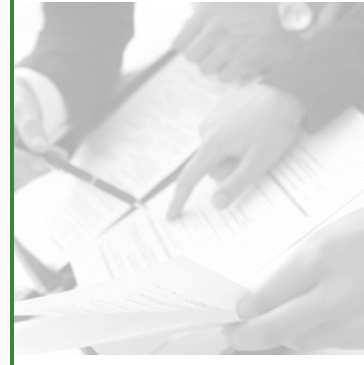
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Suggestions

1. Inform senior leadership about RAC Prepayment Review and ZPICs
2. Utilize RAC response team for prepayment review for ADR
3. Review volume on 8 prepayment MS-DRGs and conduct sample from each
4. Watch MAC and RAC websites
5. If ZPIC contacts the organization, immediately contact Compliance Office



Next Lecture

June 12, 2012
12 pm CT/1pm ET

Questions?

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