Today's Objectives

1. Chargemaster Basics
   - Understanding the Charge Description Master (CDM), Key Data Elements and Areas of Review
2. Chargemaster Standardization Benefits
3. Chargemaster Controls
   - Access and Segregation of Duties
   - Automated vs. Manual controls
4. CDM Audit Approach
   - Annual Charge Description Master Update, Revision and Tracking
   - Utilizing Excel and Access in Your Audit Process
5. Utilizing Your CDM as a Data Mining Source
Chargemaster Basics

Understanding Your Facility’s Chargemaster

Chargemaster Basics

- What is it?
  - The chargemaster is an electronic listing of all tests, procedures, supplies, medications, and services that are rendered within your facility.
  - As a facility you can assess a patient charge for:
    - Visits – Evaluation and Management;
    - Procedures – Medical or Surgical;
    - Medications; and
    - Supplies
Why CDM Audit is Necessary?

- Changes in medical technology
- New departmental procedures
- New product line
- Changes in Medicare billing guidelines
- HCPCS/CPT code changes
- Greater emphasis on CDM Accuracy

Chargemaster Accuracy

- Due to the increased Medicare compliance risks facilities face, an increased need for chargemaster accuracy has surfaced.

- Obtain chargemaster accuracy through employing IT controls, chargemaster audit and revision.
Benefits of a Standardized CDM

- Financial
- Clinical
- Strategic
- Compliance

Benefits of a Standardized CDM

- Financial Benefits
  - Improves Reimbursement
  - Uniform Pricing
  - Identifies Lost Charges
    - Items used but not included on the CDM
    - Identical items: items assigned to different departments; different pricing
Benefits of a Standardized CDM

- Clinical Benefits
  - Reduction of Resource Utilization
  - Creation of Benchmarking Reports
  - Identification of Cost Effective Delivery Modes

- Strategic Benefits
  - Provides a unified tool that facilitates service and price coordination and improves contract negotiations.
  - Aggregation of cost data to determine the actual cost of the service.
Benefits of a Standardized CDM

- Compliance Benefits
  - Billing accuracy;
  - Training;
  - Communications; and
  - CDM Change Implementation

- Technological Benefits
  - One master CDM reduces information system implementation time and improves computer response.
Chargemaster Basics

Data Elements

- CDM Numbers
- Charge Amounts
- Revenue Codes
- GL Numbers
- CPT/HCPCS Codes
- Charge Amounts
- Department Numbers
- Modifiers
  - Hard Coded

Chargemaster Basics

- The chargemaster contains:
  - Unique numbers known as CDM numbers or mnemonics
  - Unique description for the items
    - Utilize CPT or HCPCS short description
  - Revenue Code
    - Four digit code designed by the NUBC representing the cost area in which the service is rendered
  - CPT/HCPCS code with/without modifier
  - Patient Charge
Chargemaster Basics

- Common CDM Revenue Codes
  - 025X – General Pharmacy
  - 026X – IV Therapy
  - 027X – General Supply
  - 030X – Laboratory
  - 051X – Clinic
  - 0637 – Self-administered Medications
  - 076X – Treatment room

Clinic E/M Chargemaster

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Service Code</th>
<th>CPT Code</th>
<th>Amount</th>
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<td>$ 90.00</td>
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Chargemaster Basics

- Items found in the chargemaster are either:
  - Hardcoded
    - CPT/HCPCS with or without a modifier is hardcoded within the file for specific items or services
  - Softcoded
    - The CPT/HCPCS is NOT included within the file but actually assigned during the coding and abstraction process by an individual.

Softcoding Process

- Softcoding is a process that requires a coder to review the documentation within the medical record and abstract information for the purpose of assigning both the diagnosis and procedure codes in accordance with the coding guidelines.
Softcoding Process

- This process is suitable for procedures that are variable in nature.
  - CPT codes 00100-69990
  - Dependent entirely on the information present in the medical record
  - Poor documentation and/or insufficient documentation is a deterrent to softcoding as it may lead to the inability to assign any codes at all !!!

Hardcoding Process

- The application of a procedure code by the chargemaster
- Completely automated
  - No human intervention once the code is loaded into the chargemaster
Hardcoding Process

- Hardcoding should be used only for the services that lack variability in their approach, performance, or situation.
- Examples:
  - EKG
  - Laboratory
  - Radiology Exams
  - Respiratory Therapy Treatments
  - Physical Medicine and Therapy

CDM Control Activities

- IT Controls need to be considered at two levels:
  - General controls over the IT environment
  - Application specific controls
Key IT Risks That Should be Addressed

- Inappropriate user access to systems
- Unauthorized disclosure of confidential information
- Unauthorized changes to production data
- Insufficient due diligence in IT vendor management
- Ineffective business continuity plans

What Type of Control?

- What key controls are part of the process?
- Are those controls:
  - Manual;
  - Automated;
  - Preventative / detective?
- When performing an IT Audit it is recommended that a combination of the above controls are utilized.
What Type of Control?

- **Manual controls** – Controls that are dependent on an individual or team of people for completion.
- **Automated controls** – Controls that are dependent upon technology e.g., computer, processor, spreadsheet to complete.
- **Hybrid controls** – Controls that require both people and technology to complete.
- **Preventative controls** – Controls that are designed to restrict an action before it occurs.
- **Detective controls** – Controls that are designed to identify an action / activity after it happens.
- **Compensating / mitigating controls** – Alternate set of controls that take the place of improperly functioning primary control.

Automated Controls – Where To Start?

- Are controls well documented within the environment or are most of the controls verbally communicated from management?
  - Overall IT Company Level Policies
  - End-User Policies / Procedures
- Are policies and procedures condensed into one general policy or are they broken out into key IT functional areas e.g.:
  - Security and Program Access
  - Program Change Management
  - Computer Operations
  - Disaster Recovery and Business Continuity Planning
  - Application specific policies and procedures
Application Specific Controls

- Who has access?
- What controls are implemented to ensure the proper linkage of healthcare services which are both hard and soft coded?
  - Is a workflow process in place to ensure proper coding?

How to Achieve CDM Standardization

- Chargemaster Team / Committee
  - Establish Meeting Schedules
  - Member Representation
  - Task Assignment
    - Accountability
  - Creation of Policy and Procedures
Organization of the CDM Team

- Who should participate in the CDM Team?
  - Technical Staff
  - Financial
  - Health Information Management
  - Health Information Systems
  - Order Entry System
  - Compliance
  - Personnel that manage and submit Medicare cost reports

CDM Auditing

Processes
Beginning the CDM Audit

- Conduct a Facility Analysis
  - Determine the services your facility provides
  - Identify the payers
    - Understand their billing regulations
  - Review the circumstance of use
  - Identify the departments and/or areas coded by the HIM department
- Review order entry systems and other modules in use
  - Gain an understanding of what is contained in the module items

Beginning the CDM Audit

- Establish/Review policies and procedures
  - Policies and Procedures should include the following:
    - Annual chargemaster review and revision
    - Revision tasks
    - Review the fee schedule amounts for reasonableness of the charge
Beginning the CDM Audit

- The established policies and procedures should include the following:
  - Review of charge tickets
  - Inactivate procedures no longer being performed
  - Change Requests
  - Review of order entry and ancillary models in use

How to Implement the CDM Revision

- The CDM update and revision process
- A Hybrid Process
  - Automated Audit
  - Manual Audit
Reviewing the CDM Using Access and Excel

- Four main data elements
  - Description;
  - Revenue Code;
  - CPT/HCPCS code plus modifiers; and
  - Charge

- Analyze Current Items
  - Volumes
- Compare CDM data elements against standard transaction sets:
  - CPT/HCPCS Codes
  - Revenue Codes
- Compare reimbursement amounts
  - APC Payment
  - Fee Schedule Amounts
When the analysis indicates that a service is no longer being performed, the HIS manager should be consulted to determine the correct process to inactivate the chargemaster item.

Most systems will not allow a chargemaster item to be deleted.

Once inactivated, the item may be omitted from the chargemaster listing.

Be certain to remove the item from charge tickets.
During annual updates make certain to compare current chargemaster CPT/HCPCS codes with those newly released.
Reviewing the CDM
Using Access and Excel

CDM contains invalid findings with regard to CPT/HCPCS/or Revenue Codes
- Invalid codes should be replaced by the correct code
Reviewing the CDM Using Access and Excel

- Code Descriptions
  - Must be intelligible
    - The reader must be able to identify whether the service is a supply, procedure, diagnostic test or service.
    - Make certain if abbreviations are used that they accurately describe the service.

Reviewing the CDM Using Access and Excel

- CPT/HCPCS/Revenue Code Descriptions
  - Utilize the description codes for chargemaster codes to make certain that the descriptions contained within your chargemaster meet the definitions published by governing agencies.
Reviewing the CDM  
Using Access and Excel

<table>
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<tr>
<th>Specification</th>
<th>CPT/ShortDesc</th>
<th>Add'lDesc</th>
<th>CPT/longDesc</th>
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<td>K9</td>
<td>K9</td>
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<td>COUSIM: ASSIST POS &amp; REO PH</td>
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<td>WITHDRAWAL OF ARTERIAL BLOOD</td>
<td>WITHDRAWAL OF ARTERIAL BLOOD FOR DIAGNOSIS</td>
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<td>EL GAS W/O2 SATURATION ME</td>
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<td>TOT INT/ISO SEPT ON</td>
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<tr>
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<td>CHANGE OF WINDPIPE AIRWAY</td>
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<td>CATHETER ASPIRATION, CLEARANCE PROCEDURE, NASOTRACHEAL</td>
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Annual Chargemaster Review and Assessment

- The Annual Assessment should include:
  - An evaluation of every charge on the CDM.
  - Medicare Bulletins, Transmittals and Manual Updates
  - HCPCS or CPT coding within the HIM department vs. those that are chargemaster driven
  - Remittance Advice Denials
  - Ongoing change requests and CDM Maintenance
CDM Changes
Managing Change Requests

- Utilize a structured approach
  - Changes, additions, deletions should be carried out ONLY after approval by a designated individual.
  - Change request forms should be used.
  - Chargemaster teams should participate actively in the facility’s approval process.

Change Request Steps

- Department manager initiates the change request
  - Utilize a change request form
- The patient financial services manager signs off and forwards the form to the chargemaster team coordinator
Change Request Steps

- The chargemaster team reviews the change request form regarding:
  - Charge consistency;
  - Claim generation impact; and
  - Third-party payer requirements
- Any questions the team may have are directed to the department manager
- Once questions are resolved:
  - The HIS department inputs the change and notifies the department manager

Tracking CDM Audits

- All changes to the CDM should be tracked via a complete and accurate audit trail
  - Complete: all changes, not only the last change should be included in the audit trail(s). You want a history. A rule of thumb is to record 13 months of changes.
  - Accurate: all changes, **ANY** data element in the CDM that has been changed
Utilize Your CDM

- If clean, your chargemaster is an incredible data source for data mining
  - Report Generation – Top 25 CPT codes
    - Codes subject to RAC review?
    - Codes requiring focused documentation review?
    - Correct place of service?

Utilize Your CDM

- Monitoring Variations
  - Baseline changes over 10 percent in a calendar year
  - If you use a chargemaster software or decision support software:
    - Create reports showing the variation per month per CPT/HCPCS and variation per month with ICD-9-CM Codes
Questions?

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April 28, 2009