How to Develop Benchmarking scorecards

Transitioning to Risk-Based Physician Auditing

What We Are Going To Cover

1. The Current Audit Activity
2. Reactive vs. Proactive Auditing
3. What Metrics to Look at?
4. Understanding Peer Group Data
5. How to Calculate the Metrics
6. Incorporate Risk Thresholds
7. Tying Everything into an Audit Plan
Government has refined their data analytics for “Smarter” Investigations and prosecutions.

More techniques are being developed to target “high-risk physicians” at the federal and state level (cooperation).

Healthcare investigations are “bipartisan” and will continue no matter who controls congress.

State Medicaid programs are doing more auditing and monitoring (examples).

60-day repayment rules (explain) (can’t bury your head in the sand).

Data transparency.
Who is 
AUDITING? 
Healthcare Providers

An Example: Illinois

<table>
<thead>
<tr>
<th>Type</th>
<th>Contractors</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare Administrative Contractors (MACs)</td>
<td>• National Government Services</td>
<td>• Process claims and provider payments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Reduce payment error rates</td>
</tr>
<tr>
<td>Zone Program Integrity Contractors (ZPICs)</td>
<td>• Cahaba Safeguard Administrators</td>
<td>• Focus on identifying fraud</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• All providers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Data mining and analysis</td>
</tr>
<tr>
<td>Supplemental Medical Review Contractor (SMRC)</td>
<td>• Strategic Health Solutions</td>
<td>• Nationwide claim review</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• All providers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Data mining and analysis</td>
</tr>
<tr>
<td>Comprehensive Error Rate Testing Contractors (CERT)</td>
<td>• Multiple contractors</td>
<td>• Annual audits to determine FFS error rates</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• All provider types</td>
</tr>
<tr>
<td>Recovery Audit Contractors (RACs)</td>
<td>• CGI Technologies (Medicare)</td>
<td>• Identify over and under payment errors</td>
</tr>
<tr>
<td></td>
<td>• HMS (Medicaid)</td>
<td></td>
</tr>
<tr>
<td>DHHS – Office of Inspector General (OIG)</td>
<td>• N/A</td>
<td>• Audits and investigations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Annual Work Plan published</td>
</tr>
<tr>
<td>Department of Justice (DOJ)</td>
<td>• N/A</td>
<td>• Enforcement actions under the False Claims Act</td>
</tr>
<tr>
<td>Medicaid Inspector General</td>
<td>• IL Dept. of Healthcare and Family Services</td>
<td>• Aggressively using extrapolation for repayment liabilities</td>
</tr>
</tbody>
</table>

A Typical Trend: Reactive Auditing

- The current reactive approach to auditing and monitoring
  - Just responding to audit requests
  - Conducting documentation reviews entirely in random
  - Benchmarking without a set action plan

- Reasons why this reactive approach is still being used
  - Data issues
  - Understanding benchmarking
  - Restricted FTE and tech resources
  - Fear of knowing
Becoming Proactive with Provider Benchmarking

- Develop benchmarking and data analytic capabilities that mirror methods being used by the OIG, DOJ, CMS etc.
- Focus your limited auditing and monitoring resources towards providers based on risk
- Reduce workload on the auditing team
- Provide transparency throughout the organization and increase the effectiveness of strategic planning
- Due diligence of new practices

What Metrics to Look at?

01 Utilization Benchmarking
  - E/M level coding peer comparisons
  - Modifier usage
  - Top billed procedure analysis

02 Highly Productive Provider Analysis
  - Visit per day analysis
  - wRVU analysis
  - Harvard RUC time study

03 Payments Analysis
  - Medicare payments analysis
Before You Get Started: Defining Your Peer Group

- CMS Utilization Raw Data
  - Sub-Specialty Bias
  - Payer Mix Bias

- MGMA – Surveys and Benchmarking Data
  - Understand Volume of Data Included (Total / Specialty / Locality)

- CMS Utilization & Payments Data
  - Line Item Data Not Included on Services Performed on Small Number of Patients

Example of CMS Sub-Specialty Bias

- Understanding the make-up of the peer group data is critical when attempting to make determinations on the results
E/M Level Coding Peer Comparisons

Modifier Usage

Focus On

- 24
- 25
- 58
- 59
- 62
- 63
- 76
- 78
- 80
- AS
Top Billed Services Analysis

Understanding Medicare Payment Data

- CMS released a data file containing information on Medicare payments made to providers.
- Years Currently Available
  - 2012
  - 2013
  - 2014
- Key Benchmarking Analytics
  - Total Payments
  - Number of Patients
  - Payments Per Patient
Medicare Payment Analysis

Visit Per Day Analysis

Develop an internal average per day analysis:
- Use MGMA data
- Physician paid claims
- CPT codes, volume, date of service
- MGMA Visit Data 70th, 80th, and 90th
- Outlier?
- How many visits per day?
Highly Productive Physicians

- Special care must be taken with “highly productive” physicians
  - Example: Physicians with annual wRVUs > 90th% of industry benchmarks
  - Example: Physicians that have billed a high number of hours based on Harvard RUC time study
  - Specialties such as cardiology, neurosurgery, orthopedics
- Evaluate need for additional audit procedures to evaluate
  - Medical appropriateness of services
  - Adherence to industry professional standards

The Importance of Incorporating Risk Thresholds

- Creates a standardized approach to know when a provider is an outlier
- Streamlines the analysis process by filtering out the providers that are not a risk
- Scorecards can be created by combing multiple analysis thresholds together
Example of E/M Threshold

How Thresholds Help Prioritize

<table>
<thead>
<tr>
<th>Provider</th>
<th>Specialty</th>
<th>At Risk CPT</th>
<th>CPT Vol</th>
<th>CPT UGIL.</th>
<th>CPT Diff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>JULIA A MATTSON MD</td>
<td>Obstetrics &amp; Gynecology</td>
<td>99214</td>
<td>1330</td>
<td>98.59%</td>
<td>68.00%</td>
</tr>
<tr>
<td>XIANG LIU MD</td>
<td>Diagnostic Radiology</td>
<td>99213</td>
<td>1025</td>
<td>89.75%</td>
<td>54.00%</td>
</tr>
<tr>
<td>REZA J DAUGHERTY MD</td>
<td>Diagnostic Radiology</td>
<td>99213</td>
<td>1792</td>
<td>74.14%</td>
<td>38.00%</td>
</tr>
<tr>
<td>MINCHUL FRANCIS SHIN MD</td>
<td>Diagnostic Radiology</td>
<td>99213</td>
<td>1991</td>
<td>70.06%</td>
<td>34.00%</td>
</tr>
<tr>
<td>TIMOTHY JAMES EDEN CRNP</td>
<td>Nurse Practitioner</td>
<td>99214</td>
<td>1213</td>
<td>67.02%</td>
<td>29.00%</td>
</tr>
<tr>
<td>LEONARD ROSENBURG MD</td>
<td>Diagnostic Radiology</td>
<td>99214</td>
<td>568</td>
<td>64.91%</td>
<td>41.00%</td>
</tr>
<tr>
<td>SARAH C GAVONOS MD</td>
<td>Diagnostic Radiology</td>
<td>99213</td>
<td>1875</td>
<td>64.32%</td>
<td>28.00%</td>
</tr>
<tr>
<td>KRISTINA SIDDALL MD</td>
<td>Diagnostic Radiology</td>
<td>99213</td>
<td>2048</td>
<td>63.82%</td>
<td>28.00%</td>
</tr>
<tr>
<td>RALPH PIERARDI MD</td>
<td>Vascular Surgery</td>
<td>99215</td>
<td>48</td>
<td>32.65%</td>
<td>30.00%</td>
</tr>
</tbody>
</table>
How Benchmarking & Thresholds Work Together

Benchmarks & Thresholds Incorporated to Build a Complete Risk Assessment for Your All Providers

View Excel Example
Spike in Data/Outliers..Next Steps

- Ask questions:
  - New hire
  - Software problems
  - New service line
  - Operational issues

- Do a deeper data dive

- Review records – validate (create audit plan)

Disclaimer

Disclaimer is very important:

- The analyses are for benchmarking purposes only and to assist in prioritizing areas for further review by hospital management

- Coding and billing is dependent upon the services rendered by the hospital as determined to be medically necessary and appropriate based on the patient’s presenting medical condition

- No conclusions regarding the accuracy of coding and billing, nor compliance with government and third-party payer rules and regulations can be made without further review of the provider’s underlying medical records documentation
Creating an Audit Plan

- Risk based approach to auditing and monitoring
  - Review benchmarking results to assess outliers
  - Review alternate methods of reducing the scope of the audit based on specialty, volume and revenue. Examples:
    1. Only significant outliers should be considered for audit (Thresholds)
    2. 65% - 80% of primary care revenue is based on established E/M visits
    3. Usually a few services account for 70% - 80% of net revenue for specialty practices
    4. Review the highly productive physicians first

See Handout

Creating an Audit Plan

- Sampling process/consideration:
  - Retrospective claims (prior 3 months)
  - Non-statistical sampling e.g. judgment sampling
  - Population is stratified (stratums) based on benchmarking
  - Sample size – small samples based on risk
  - Extrapolation – NONE
    1. Since the sample size was controlled by the auditor it cannot be measured

- Analysis of Sample
  - Provider documentation in comparison to CPT codes
  - Accuracy of diagnoses
  - Accuracy of place of service codes
  - Functionality an use of the EMR system

See Handout
Creating an Audit Plan Pt 2

- Error/Accuracy Rate – NONE

- Findings Categories:
  - Observations* – Observations which may affect the accurate assignment of the diagnoses, procedures or compliance with other program requirements and require a management response and corrective action plan.
  - Incidental Matters – Matters noted during the review that do not require a management response.

- Audit Cycle – at risk providers every year all other providers 3-5 year cycle.

* - Observations identified are subject to the following internal Policy, “Correction of Errors in Federal and State Health Care Program Payments”

Using Benchmarking for Acquisitions – Due Diligence

- Benchmarking of data is key initial step in due diligence for physician employment or acquisitions
  - Identify potential risks prior to closing
    1. Go or No Go
  - Identify compliance issues
  - Identify opportunities for integration
    1. Education
    2. Coding and Billing Hold
|   | Current Issues / Challenges │
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<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>01</td>
<td>Cloning</td>
</tr>
<tr>
<td>02</td>
<td>Incident 2 – use NPPs etc</td>
</tr>
<tr>
<td>03</td>
<td>Copy Paste</td>
</tr>
<tr>
<td>04</td>
<td>Provider Based</td>
</tr>
<tr>
<td>05</td>
<td>Medically Necessary</td>
</tr>
</tbody>
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Questions & Contact Information

Please reach out if you have questions or need help starting risk assessment benchmarking and building a proactive audit plans.

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