

Audit and Reimbursement Challenges in Changing Health Care Environment

HCCA Delaware Valley

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Robert F. Bacon, MHA

VP & Billing Compliance Officer



Disclaimer

- Opinions expressed are my own and do not represent any guarantees, warranties or endorsements by the University of Pennsylvania or its Trustees



- Emerging issues in the field of Billing Compliance
 - Government Audits
 - Merger & Acquisitions
 - Telemedicine
 - Electronic Medical Record
- ICD-10
 - Adverse Implications



- Penn Medicine offers comprehensive clinical services throughout the greater Philadelphia region
- Practice Plans
 - Clinical Practices of the University of Pennsylvania
 - Clinical Care Associates
- Hospitals
 - Chester County Hospital
 - Hospital of the University of Pennsylvania (*the nation's first teaching hospital*)
 - PENN Presbyterian Medical Center
 - Pennsylvania Hospital (*the nation's first hospital*)
 - Lancaster General Health
- Home Care & Hospice Services
 - PENN Care at Home / PENN Home Infusion Therapy
 - Wissahickon Hospice

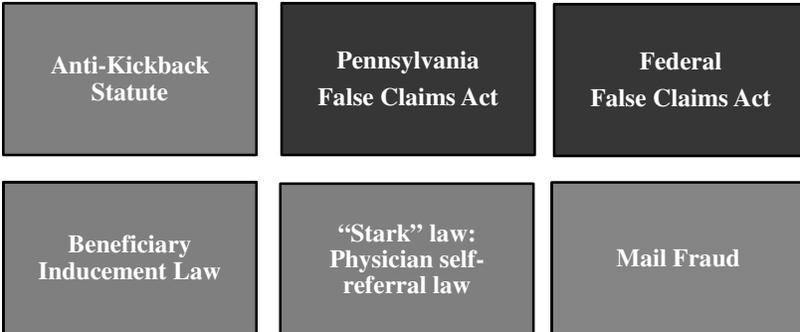




Penn Medicine Regulatory Environment

Federal & State Authorities

- Office of the Inspector General
- Department of Justice
- Centers for Medicare & Medicaid Services
- Office of the State Attorney General



Penn Medicine Pace of Change with Post Payment Audits Continues to Accelerate

Who	What
RACs	Recovery Audit Contractors
MACs	Medicare Administrative Contractors
PSCs	Program Safeguard Contractors
ZPICs	Zone Program Integrity Contractors
CERT	Comprehensive Error Rate Testing
MIP	Medicaid Integrity Plan
MIG	CMS Medicaid Integrity Group
MICs	Medicaid Integrity Contractors
MIGs	Medicaid Inspector Generals
PERM	Payment Error Rate Measurement
OIG	Office of Inspector General
DOJ	Department of Justice
FBI	Federal Bureau of Investigation



Penn Medicine Emerging Compliance Risk

- Implications of data mining
 - “Pay and chase” is yesterday’s news
 - Common work file
 - Government audits predicated upon results of data mining
 - Requirement for providers to self audit with presumption that all reported data is incorrect



Fraud and Abuse Control Program

- Since 2010, DHHS, OIG, CMS, DOJ have partnered to form stronger relationships to shift from the conservative ‘pay and chase’ approach toward utilizing more elaborate anti-fraud tools
- **Fiscal Year 2015, the government recovered 2.4 billion to replenish the Medicare Trust Funds**
- **Through the Federal False Claims Act, the DOJ has obtained 1.9 billion in settlements and judgments**
- HHS OIGs continues to use data analysis, predictive analytics, trend evaluation, and modeling approaches to better analyze and target oversight of HHS programs



SPOTLIGHT FOLLOW-UP

State acts on simultaneous surgeries



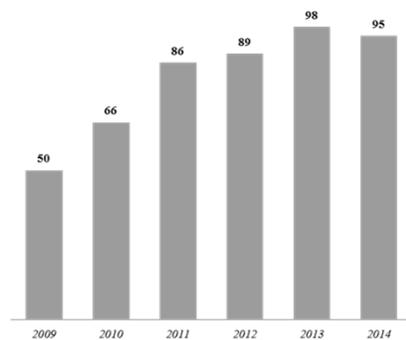
DINA RUDICK/GLOBE STAFF

The Massachusetts Board of Registration in Medicine proposed a new rule that would require:

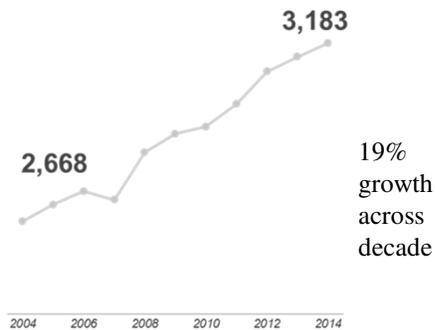
- Surgeons needing to document each time they enter and leave the operating room

M&A Continue at a Steady Rate

Hospital & Health System M&A Activity



Number of Hospitals Part of a Health System



Source: Beckers Hospital Review, “The Year of 95 Hospital Transactions,” 2015, available at: www.beckershospitalreview.com/; American Hospital Association, Fast Facts 2016, available at: <http://www.aha.org/research/rc/stat-studies/fast-facts.shtml> Health Care Advisory Board interviews and analysis.



5 Major Types of Provider Partnerships

Merger or Acquisition	Formal purchase of one organization’s assets by another, or the combination of two organizations’ assets into a single entity
Clinically-Integrated Hospital Network	Collection of hospitals contracting jointly in order to support improved coordination, outcomes; modeled after physician CI networks
Accountable Care Organization	Independent entity, owned by one or several independent organizations, that accepts risk-based contracts and distributes shared savings
Regional Collaborative	Flexible umbrella structure, often encompassing many independent organizations of similar geography, that may serve as foundation for further integration
Clinical Affiliation	Typically bilateral agreement to cooperate around a particular initiative or service line; may involve local or national partners

Source: Health Care Advisory Board interviews and analysis.



Due Diligence Auditing

- Compliance must have a “seat at the table”
 - Complexities related to antitrust and protected confidential information such as market share
 - May need to coordinate through external audit firms with restricted access to data
 - Address problems prior to final transaction
- Critical need to gather information
 - Implications to terms and market value such as upcoding or downcoding



Due Diligence Auditing

- Compliance questionnaire
 - Does entity maintain a compliance program?
 - If yes, obtain and review
 - Government investigations and audits
 - Federal exclusion list
 - Internal billing reviews and related outcomes
 - Utilization of advance practice providers?
 - Paper or electronic medical records?



Scope of Due Diligence Audit

- Transactional
 - Medical record review
 - Billing and credit balances
 - Prompt (60 day) refunds
- Data mining
- Representations and warranties
- Systems of internal controls



Data Mining and Due Diligence

- Referral patterns
- Copy of service analysis
 - If physicians, need micro and macro
- Timely filing
 - Cost reports
 - Meaningful use attestations



- Identify risk areas such as providers billing patterns compared to established benchmarks
 - Analyze external data (e.g. Faculty Practice Solution Center) and internal practice patterns
 - Concentrate on high level E&M services rather than full random sample
- Utilize external data for hospitals
 - Program for Evaluating Payment Patterns Electronic Report (PEPPER)
 - MedPar (Medicare claims data)
 - Medicare Fee For Service Improper Payments Report (DHHS)
- Review Internal denial reports for medical necessity



Successor Liability

- Inherit serious regulatory liabilities
 - False Claims Act Liability
- Risk of corporate integrity agreement
 - Statutory
 - Medicare
 - Contractual
- Indemnification clauses
 - Extent of uncovered problem versus agreed upon financial cap's



Public Awareness

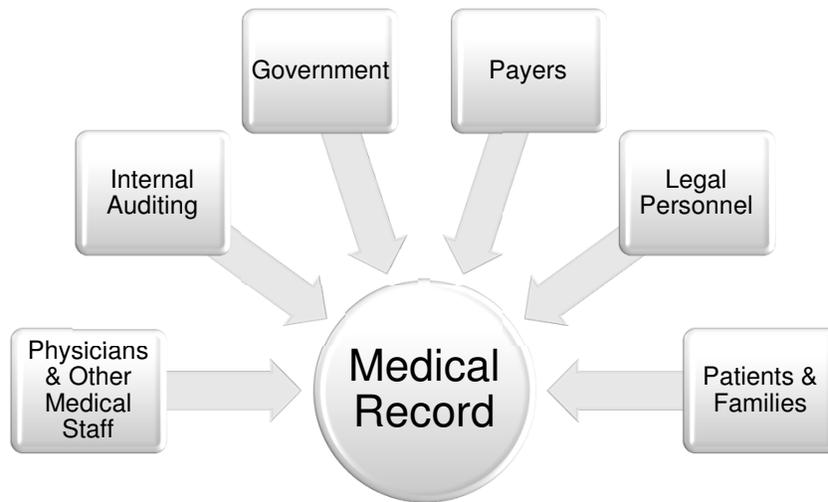
- Consumer awareness & media attention
- Reputational risk



Concurrent surgeries come under new scrutiny

Hospitals across the country have faced controversies over doctors double-booking surgeries, but the issue is getting national attention only now.

Who can access the Medical Record



Penn Medicine Electronic Medical Record



- **All rules apply**
 - No different than paper
- **Integrity**
 - Do not share sign-on and password
- **Credibility**
 - Copy & Paste
- **Complete, accurate, timely**
 - Audit trail



Cloned defined:

- Exact wording or similar to previous entries
- Documentation is exactly the same from patient to patient

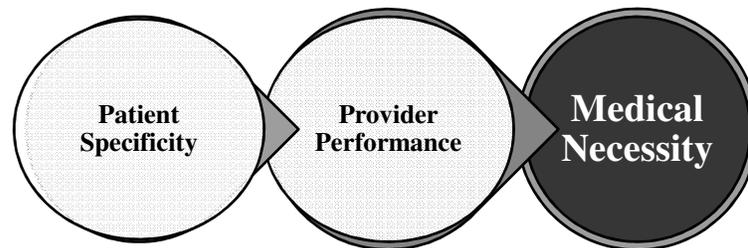
Default data:

- May document a more extensive history and physical examination than is medically necessary
- Differentiation of new findings or changes in a patient's condition could be overlooked

Documentation must reflect:

- Condition necessitating treatment
- Treatment rendered
- And if applicable the overall progress of the patient to demonstrate medical necessity

Medicare Medical Review Letter



- **Documentation and Performance should be consistent with patient's presenting problem and provider's clinical judgment**
- **Ensure documentation reflects services provided during the encounter**



- Copy and paste is a useful tool if utilized correctly
 - Exercise diligence and ensure documentation reflects services rendered today
 - Remove all documentation that does not apply
- Each visit is independent and should be supported by chart documentation *reflective of care given today*
- Consider unintended consequences (e.g. medical-legal)



Innovations In Medicine & Technology Versus Government Barriers

- Laws of supply & demand
 - Managing scarce resources & improving quality of life
- Significant government imposed billing obstacles associated with telemedicine restricts use and access
 - Geographical constraints;
 - Credentialing/Privileging; and,
 - Licensure



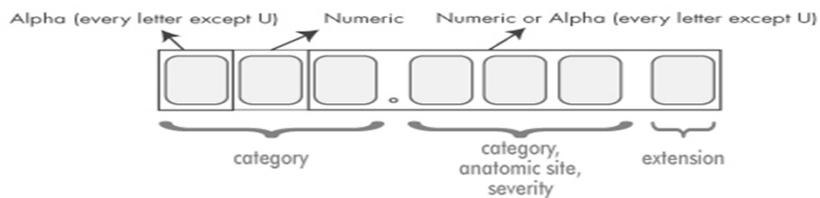
- Geographical constraints
 - CMS restricts coverage to rural health professional shortage areas
 - Metropolitan statistical areas excluded
- Physicians must be credentialed and hold privileges to practice in the hospital where patient is located
 - Risk associated with delegated credentialing
- Physicians must be licensed to practice in the state
 - Professional liability exposure



- **Clinical Modification will allow for Expansion**
 - New alpha – numeric classification
- **Significant changes to the diagnosis code sets**
 - New diseases, concepts, medical knowledge
 - Distinctions for ambulatory and managed care encounters
- **Providers will need to document with greater specificity**



	ICD-9 -CM	ICD-10- CM
Format	3-5 characters	3-7 Characters
# of Codes	~14,000	~68,000





Revisions to National Coverage Decisions (MLN MM9252)

- CMS listing of ICD-10 diagnosis & procedure codes specific to the 26 Medicare NCDs
- Spreadsheets available at <https://www.cms.gov/Medicare/Coverage/DeterminationProcess/downloads/CR9252.zip>

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ICD-10: Adverse Implications

- Potential challenges with National Coverage Decisions (NCDs) and Local Coverage Decisions (LCDs)
 - Manual revisions under clinical indications and limitations → potential that applicable diagnoses codes may not have been included
 - Established edits and associated diagnoses codes distributed to MACs may not be all inclusive



Penn Medicine Case Study: Extracorporeal
Photopheresis (NCD 110.4)

ICD-9

- 202.10 Mycosis fungoides, unspecified site, extranodal and solid organ sites
- 202.20 Sezary's disease, unspecified site, extranodal and solid organ sites

ICD-10

- C8400 Mycosis fungoides, unspecified site
- ***C8409 Mycosis fungoides, extranodal and solid organ sites***
- C8410 Sezary disease, unspecified site
- C8419 Sezary disease, extranodal and solid organ sites



Penn Medicine Case Study: NCD for Adult
Liver Transplantation (260.1)

Established an edit associated with the transplant procedure codes (for hospital inpatient claims ICD-10 PCS **OFY00Z0, Z1 & Z2**) into their claim editing program requiring one of the following specific diagnosis codes:

- C22.0 Liver Cell Carcinoma
- **K72.10 Chronic hepatic failure w/o coma**
- **K72.11 Chronic hepatic failure w/coma**



Index Entry	ICD-9-CM	ICD-10-CM	NCD Determination
ESLD (end-stage liver disease)	572.8	K72.90	Not covered
Liver/hepatic failure	572.8	K72.90	Not covered
Liver/hepatic failure - chronic without coma	n/a	K72.10	Covered
Liver/hepatic failure - chronic with coma	n/a	K72.11	Covered



- “Cutting Edge” of medicine
 - Introduction of new procedures &/or techniques that do not agree with CPT code descriptions (e.g. approach using arthroscopy versus open fashion as described in CPT)
 - Use of unlisted codes
- Technological advances in medicine
 - Extended timeframe for development of new codes



Penn Medicine AMC Audit Challenges

- Tertiary/quaternary care institutes
 - Patient acuity
- Teaching Physician New Rules (TPNR)
 - Required attestation & tethering language
 - Service fully documented by resident but insufficient documentation by teaching physician (e.g. demonstrate participation & management)



Penn Medicine Summary

- Material increase in external audits by government and private payors
- Critical need for compliance to “have a place at the table” for due diligence
- Risk associated with public awareness
- Innovations in medicine and technology subject to government barriers such as telemedicine



1. Did you hear about the guy whose whole left side was cut off? He's all right now
2. There was a sign on the lawn at a drug rehab center that said 'Keep off the Grass'
3. He was wheeled into the operating room, and then had a change of heart
4. The patient has no history of suicides
5. Patient has two teenage children, but no other abnormalities



6. Discharge status: alive but without permission
7. Rectal exam revealed a normal size thyroid
8. He had a left-toe amputation one month ago. He also had a left-knee amputation last year
9. The patient was in his usual state of good health until his airplane ran out of gas and crashed



Medical Humor

10. The worst time to
have a heart attack is
during a game of
“charades”



dreamstime.com