

Medicaid Integrity Institute

Data Experts Symposium
Successful Data Driven Recoveries
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Purpose

- Discuss successful algorithms used in KY audits
- Leveraging the RAC contractor  OPTUM™

Goal

Presentation: For attendees to be able to use at least one idea from this presentation

Planning Considerations

- Review Regulations
- Prepare management and stakeholders
- Require all letters to be approved by the State

Prepare Resources

- Prepare Management and Stakeholders:
 - Policy Staff Meetings (Weekly)
 - Office of Legal Services
- Program Integrity Staff – KY 4.5 FTEs

Successful Collaboration

- Define expectations early
- Communicate often with policy
- Communicate up the management chain

Potential Audit Types

- **Desk Audit**
- **Self Review**
- **Onsite Extrapolation Audit**
- **Probe Audit**
- **Demand Audit** – Demand for repayment based on the results of an algorithm (i.e. Automated Review)

KY RAC Results

- Over 3,582 audit letters mailed
- Overpayments Recovered
 - Demand Audits \$20.1M
 - Desk Audits \$9.8M
 - Self Reviews \$72k
 - Sampling and Extrapolation \$3.0M
- Netted underpayments - \$2.9M



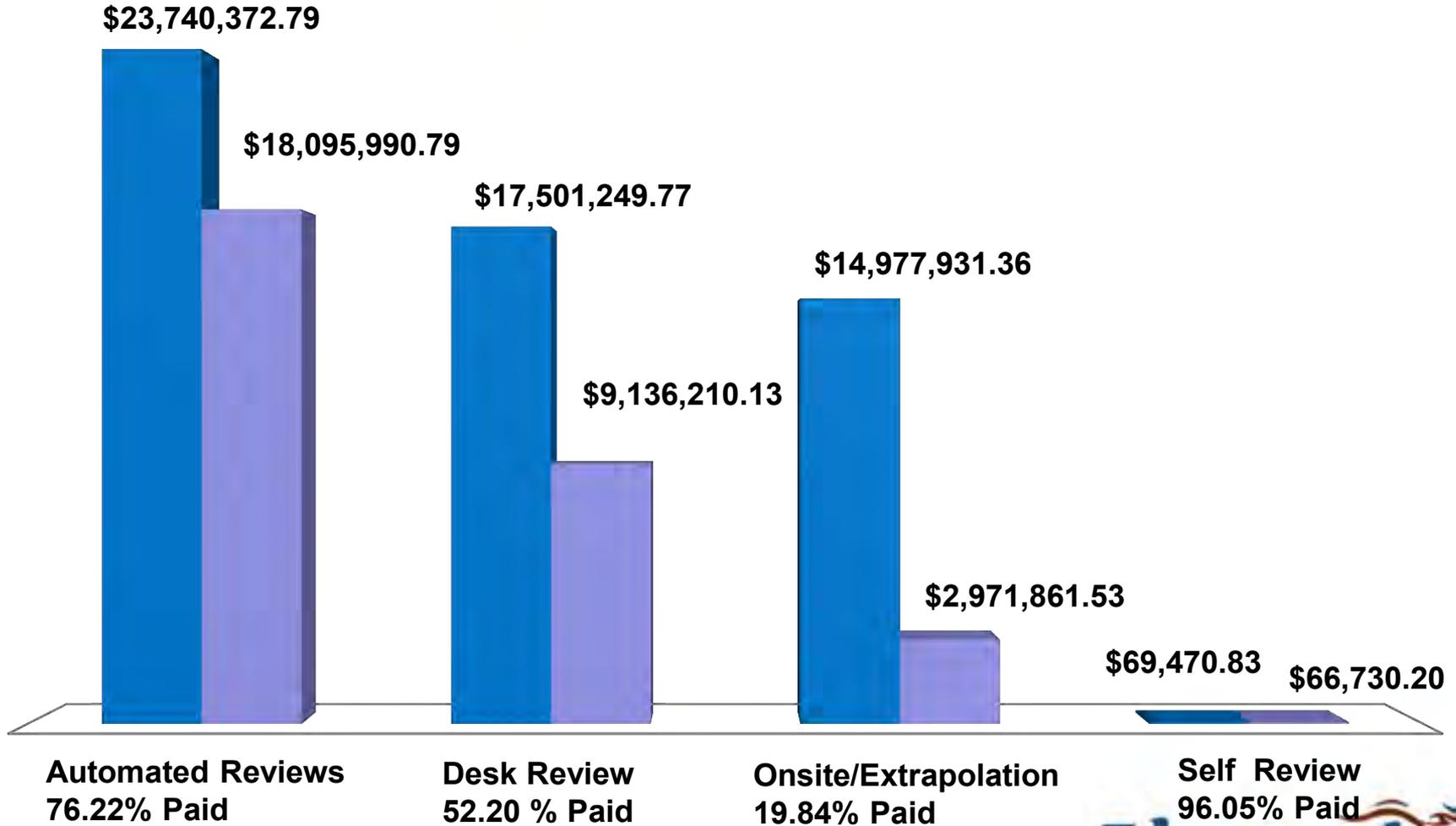
Provider Response



Kentucky 

Identified VS Recovered

■ Total Net \$- All Letters After Revision ■ Collections to Date



Recovery Status

- Why are identified overpayments higher than recoveries?
 - Appeal process is not complete
 - Providers delay dispute resolution meetings
 - Providers use delaying tactics for administrative hearings

Does it ever end?

Automated Algorithms

- KY uses algorithms to locate a specific error
 - Not evaluate for medical necessity
 - Not request medical records for review

KY Usage of Algorithms

- Duplicate Billing
- Unbundling/CCI Edit Exclusions
- Regulation Exclusions
- Inappropriate DRG billing
- Codes with specific guidelines
- Claims that should have associated claims
- Claims that have the highest paid dollar amounts
- Claims with impossible services (i.e. two appendectomies)
- Services paid in excess of allowed amounts

Combined DRG Readmissions

- Algorithm for hospital readmission claims
 - DRG rate for these claims should have been bundled into one claim
 - Results: 106 letters mailed totaling **\$2,789,516** after revisions

Recovery Rate: 99.5%

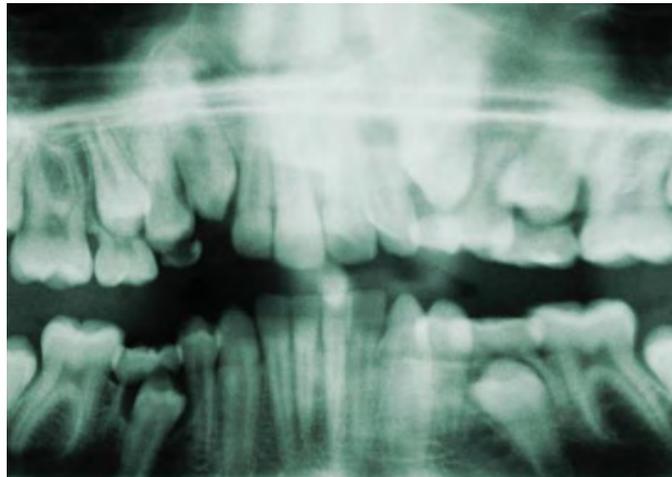
Transfer Billed as Discharge

- Identified hospital transfers billed as discharges
 - Providers received the full DRG payment instead of transfer payment
 - Results: 71 letters mailed between 2011 and 2013 for a total of **\$874,779**

Recovery Rate 100%

Dental Algorithms

- Orthodontic and dental codes that are mutually exclusive by regulation
 - Cephalometric Film and Panoramic Film - billed on the same date or within a year of the Pre Orthodontic Screen



Dental Algorithms

- Comprehensive Oral Evaluation billing
 - Same recipient and performing provider
 - Same date or within one year of service from the Pre Orthodontic Screen
- Prophylaxis billed and paid with the same date of service as a periodontal scaling and root planning
- Results: 44 letters mailed for a total of \$201,073

Recovery Rate 100%

High Dollar Query

- Algorithm identified the top 500 high dollar paid claims
 - High dollar claims with no established fee
 - Usual and customary amount was determined and any amount over was recovered
 - Results: Three letters mailed for over **\$108,085**
Recovery Rate: 41.3%

Technical Component

- CMS 1500 Technical Component Billed in Facility POS
 - The professional provider should bill only for the professional component
 - Results: 209 letters mailed totaling **\$874,583**

Recovery Rate: 99.3%

Transportation

- Algorithm identified ambulance providers billing for transportation services
 - When no associated medical service exists for the recipient on the same DOS
 - Results: 155 letters mailed totaling **\$346,684**



Recovery Rate: 92.2%

Mass Adjustment

- DRG relative weights change periodically and claims are mass adjusted to reflect the new weight and rate
 - New Rate was not applied to some claims appropriately
 - Affected DRG claims were re-priced using correct rate
 - Results: 97 letters mailed

Underpayments \$1,762,673

Overpayments \$550,498

Recovery Rate: 94.0%

Lessons Learned

- Staffing
- Office of Legal Services
 - PI used the entire Medicaid Budget for Legal Services within the first 3 months of Fiscal Year
- Prepare for Many Open Records Request
- Estimated Return on Investment is \$7-8 per \$1 spent



Questions and Comments

If you have suggestions on how to improve this presentation style please email me at Carl.Ishmael@ky.gov

Bonus – Multiple Procedure

- Multiple units of service billed on same detail line
 - Services billed were eligible for multiple procedure reduction
 - Units greater than one did not reduce properly
 - Results: 408 letters mailed totaling **\$1,929,349**

Recovery Rate: 44%

Bonus – Modifier 80, AS, U1

- Inappropriate use of modifiers 80, AS and U1 (Physician Assistant)
 - KY does not reimburse PAs to assist during surgery
 - KY reduces reimbursement for assist during surgery for surgeons and ARPN (16% of allowed amount)
 - If an assist during surgery was billed with an AS; it did not reduce appropriately to 16% of allowed charge
 - Results: 62 letters mailed totaling \$801,766

Recovery Rate: 90.4%

Bonus – DRG Unbundling

- Services provided up to three days preceding an inpatient stay should be bundled into the inpatient stay
 - Claims were identified that were reimbursed separate from the inpatient stay but related to admission
 - Outpatient services billed separately were recovered
 - Results: 62 letters mailed totaling \$383,003

Recovery Rate: 100%