Playing RAC Roulette

WITH OUTPATIENT FACILITY SURGICAL REIMBURSEMENT

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Objectives

- Describe reimbursement methodology for surgical services in the outpatient facility setting
- Discuss recent RAC activity and findings on outpatient facility surgical services accounts
- Offer tips on complying with regulatory guidance while billing accurately for services provided
- Share resources to obtain additional information

Definitions

- For today's discussion, "surgical services" includes intra-operative procedures and supplies, pre-op and post-op services and supplies, and anesthesia services and medications.
- "Outpatient facility" refers to surgical services provided on an outpatient basis in a hospital-based facility. This does not include inpatient surgical stays, or professional billing. This also does not include non-hospital based or physician-owned ambulatory surgery centers.

Remember that the global period typically does not apply to the facility setting.

REIMBURSEMENT

Surgical Reimbursement

- **Medicare** - Paid under OPPS (Outpatient Prospective Payment System) based on APC
- **Medicaid** – Typically pays a percent of charges
- **Anthem** (Blue Cross/Blue Shield) – Depends on the specific contract/state; usually paid based on a specified fee schedule by CPT/HCPCS code
- **Commercial payors** – Depends on each specific contract; some pay based on a specified fee schedule by CPT/HCPCS code while a few may still pay a percent of charges based on the type of surgery

OPPS Reimbursement

- Each CPT/HCPCS code is assigned a "Payment Status Indicator" indicating if each code is payable, packaged, or paid under a different methodology
- Each separately payable CPT/HCPCS code is also assigned an APC grouping ("Ambulatory Payment Classification") based upon cost and clinical similarities
- These assignments, and their respective national payment rates, can be found in CMS' "Addendum B"
  - http://www.cms.gov/HospitalOutpatientPPS
  - Payment rates adjusted based on geographic wage indices – Addendum B shows national payment rates

APC Discounting

Multiple surgical APCs on the same day are subject to discounting (usually the primary code is paid at 100% and additional codes are paid at 50%)

Sample of Status Indicators

Status Indicator	Description
A	Not paid under OPPS
C	Inpatient-Only Procedures
E	Codes Statutorily Excluded
N	Payment is packaged into payments for other services
S	Significant procedure, not discounted when multiple
T	Significant procedure, multiple discount applies
X	Separately payable ancillary services

Excerpt from Addendum B

| HCPCS Code	Short Descriptor	Status Indicator	APC	Relative Weight	National Payment Rate
01999	Unlisted anesth procedure	N			
10021	Fna w/o image	T	0002	1.6101	$112.73
29325	Application of hip casts	S	0426	2.5644	$179.55
51610	Injection for bladder x-ray	N			
51700	Irrigation of bladder	T	0164	1.9478	$136.38
51701	Insert bladder catheter	X	0340	0.6519	$45.64

Questions on reimbursement??

RAC

What is "RAC"??

- RAC = "Recovery Audit Contractor"
- The Recovery Audit Program's mission is to reduce Medicare improper payments through the efficient detection and collection of overpayments, the identification of underpayments and the implementation of actions that will prevent future improper payments.
- Section 302 of the Tax Relief and Health Care Act of 2006 made the Recovery Audit Program permanent and required the Secretary to expand the program to all 50 states by no later than 2010.

See www.CMS.gov/recovery-audit-program/ for more information

Current Contractors

- Region A: RAC=Diversified Collection Services (DCS)
- Region B: RAC=CGI
- Region C: RAC=Connolly, Inc.
- Region D: RAC=HealthDataInsights, Inc.

RAC Keys to Success
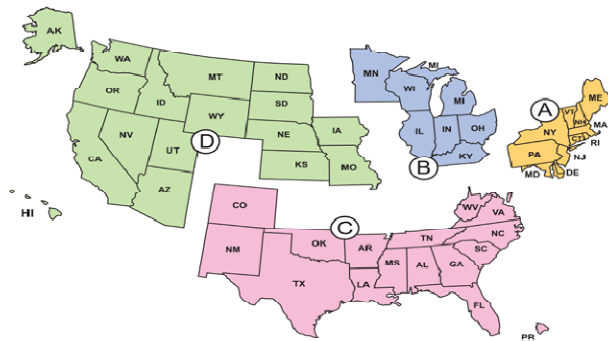
- Minimize provider burden
  - 3 year look back period
  - Imaged medical records on CD/DVD accepted
  - Limited number of record requests
- Ensure accuracy
  - Accuracy scores
  - Oversight/issue approval & staffing requirements
  - If RAC loses appeal, repays contingency fee
- Maximize Transparency
  - Issues & vulnerabilities published online
  - Claims status online tracking
  - Detailed review results letter for all complex reviews

The RAC Review Process

- RACs review claims on a post-payment basis
- RACs use the same Medicare policies as Carriers, FIs and MACs: NCDs, LCDs and CMS Manuals
- RACs are required to employ a staff consisting of nurses, therapists, certified coders, and a physician CMD

RAC Review Process - cont.

- Two types of reviews:
  - Automated (no medical record needed)
  - Complex (medical record required)
- RACs will not be able to review claims paid prior to October 1, 2007
  - RACs will be able to look back three years from the date the claim was paid

Current Approved RAC Issues

- Pediatric codes exceeding age parameters
- Once in a lifetime procedures (excludes appropriate use of modifier 58 as of 1/1/09)
- MUE edits
- Add-on codes without a primary code
- Payment for services after date of death
- NCCI Column 1/Column 2 edits
- Incorrect modifiers billed with bilateral indicator "2"

Approved RAC Issues – cont.

- Procedures with no corresponding device code
- Cataract removal – once per eye per date of service
- Left Heart Cath (93510) – once per patient per DOS
- Colonoscopy: one UOS per encounter
- Bronchoscopy services: 1 per Date of Service (excluding appropriate use of Modifier 59).
    Focus on CPT codes 31625, 31628, 31629
- E/M code with Status S or T code on the same DOS

Approved RAC Issues – cont.

- Minor Surgery and Other Treatment Billed as an Inpatient Stay
- Outpatient services within 72 hours of admission
- Exact Duplicate Outpatient Claims
- Outpatient Claims Billed within a PPS Inpatient Admission
- SNF Consolidated Billing

Tips for playing RAC "roulette"

- Research improper payments found by RAC
- Research improper payments found by OIG & CERT
- Conduct an internal assessment to identify if you are in compliance with Medicare rules
- Identify corrective actions to promote compliance
- Prepare to respond quickly to RAC requests
- Appeal when necessary – within 120 days
- Learn from past experiences; track denials, look for patterns

Questions on RACs?

RESOURCES

Finding more information

- **https://www.cms.gov/Recovery-Audit-Program/Downloads/MLNMattersArticle.pdf**

- RAC Website: www.cms.hhs.gov/RAC
- RAC Email: RAC@cms.hhs.gov

- Region A: DCS (www.dcsrac.com)
- Region B: CGI (www.racb.cgi.com)
- Region C: Connolly (www.connolly.com)
- Region D: HealthDataInsights (www.healthdatainsights.com/rac)

- OIG reports: www.oig.hhs.gov/reports.html
- CERT reports: www.cms.hhs.gov/cert

QUESTIONS? COMMENTS?

Thank You!

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