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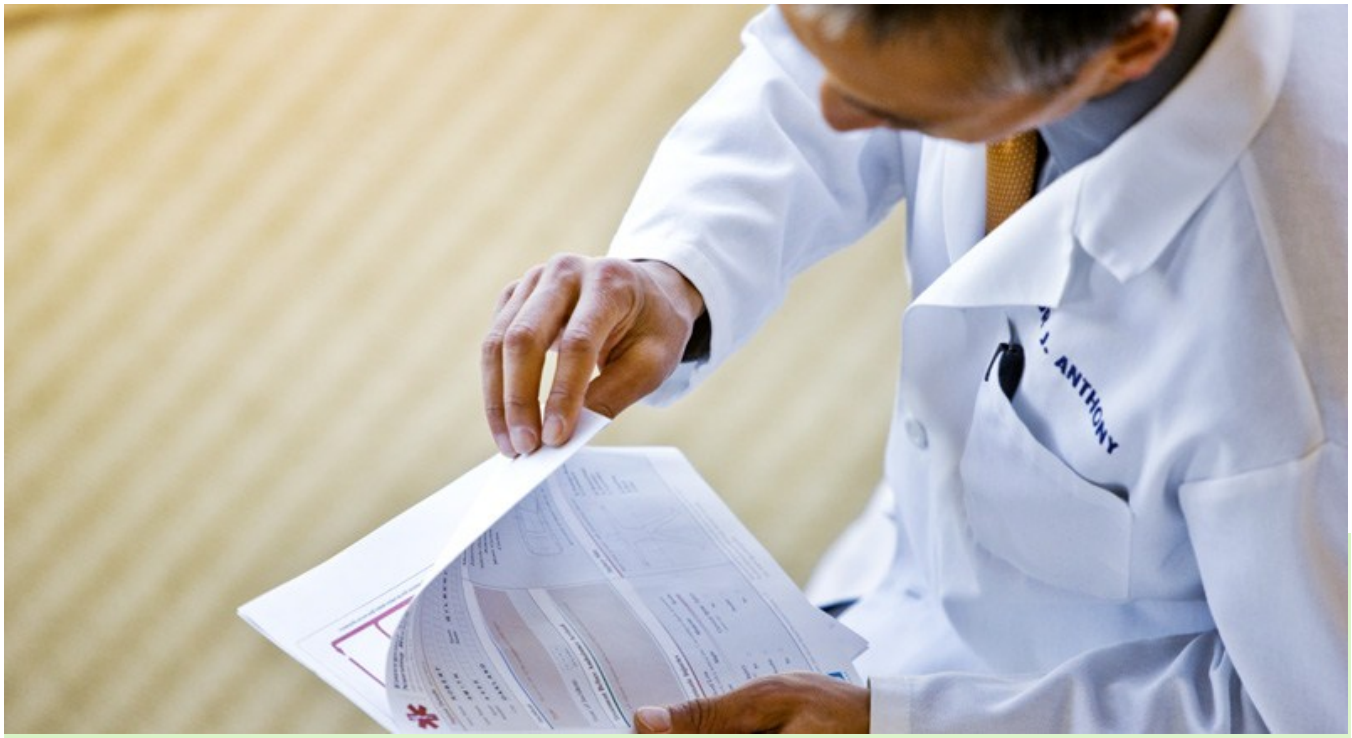
INDIANA HEALTH COVERAGE PROGRAMS BR201242 OCTOBER 16, 2012



Medicaid RAC to begin auditing inpatient acute care claims

The Indiana Family and Social Services Administration (FSSA), Office of Medicaid Policy and Planning (OMPP), has approved Health Management Systems (HMS) to begin the next phase of Recovery Audit Contractor (RAC) services in compliance with *Section 6411* of the *Patient Protection and Affordable Care Act of 2010*. The OMPP has authorized HMS, as the RAC vendor, to audit inpatient acute care claims.

Initially, HMS will conduct desk audits on a small set of diagnosis-related groups (DRGs) and related procedure codes. The purpose of the audit is to ensure that diagnostic and procedural information and the discharge status of the member, as coded and reported by the hospital, are accurate, based on the information contained in the member's medical record. The following are some examples of the DRGs and procedure codes that HMS will audit:

- **Septicemia** – Reviews will be conducted of all patient diagnosis-related groups (AP-DRGs) 416 – *Septicemia age greater than 17*, 417 – *Septicemia age less than 18*, and 584 – *Septicemia with major CC* to validate all information affecting the assignment of the AP-DRG is correct.
- **Operating Room Procedure Unrelated to Principal Diagnosis** – Reviews will be conducted of AP-DRGs 468 – *Extensive O.R. procedure unrelated to principal diagno-*

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sis, 476 – *Prostatic O.R procedure unrelated to principal diagnosis*, and 477 – *Non-extensive O.R. procedure unrelated to principal diagnosis* to validate if the principal diagnosis is correct, as well as to address any other coding or compliance issues identified.

- **Excisional debridement** – Excisional debridement of a wound, infection, or burn is defined as the "surgical removal or cutting away of devitalized tissue, necrosis, or slough." HMS will audit excisional debridement procedure code 86.22 to validate the proper use of this code.
- **Tracheostomy** – Reviews will be conducted of APDRGs 482 – *Tracheostomy for face, mouth, and neck diagnoses*, 483 – *Tracheostomy except for face, mouth and neck diagnoses*, 700 – *Tracheostomy for HIV infection*, and procedure codes 31.1 (temporary tracheostomy) or 31.29 (other permanent tracheostomy).

At any time, with OMPP approval, HMS may expand the audit program to other DRGs or procedure codes.

Claims selection and auditing process

HMS will use data-mining techniques to select claims to audit when the demographics, billing attributes, diagnosis codes, procedure codes, or factors affecting the DRG assignment appear to be inconsistent with other attributes of the claim. HMS can audit three years of claims. For this review, the selected claims will be paid claims from July 1, 2008, through June 30, 2011.

- HMS will initiate the audit by sending the provider a letter on FSSA letterhead, listing the internal control numbers (ICNs) of the targeted claims and requesting copies of medical records. The provider will have 30 days to respond. The provider can contact HMS to arrange electronic submission of the records.
- If the reviewer identifies improper coding issues, the reviewer will document the error and the claim will be recoded and regrouped into a different DRG.
- At the completion of the review, providers will receive a draft audit-findings letter indicating the identified coding error and the criteria citation on which the determination was made.
- In accordance with *Indiana Code 12-15-13-3.5(c)*, the provider will have 45 days to request administrative reconsideration before final calculation of the overpayment.
- If the provider agrees with the draft audit findings and wants to request that HMS expedite the final calculation of overpayment and interest amounts, the provider may request to waive his or her right to appeal by completing and returning by mail the Audit Reconsideration and Appeal Waiver, which will be included with the draft audit-findings letter.
- Throughout the review process, HMS will work with the provider. The provider will have the contact information for the assigned HMS audit manager to clarify document requests and timelines.

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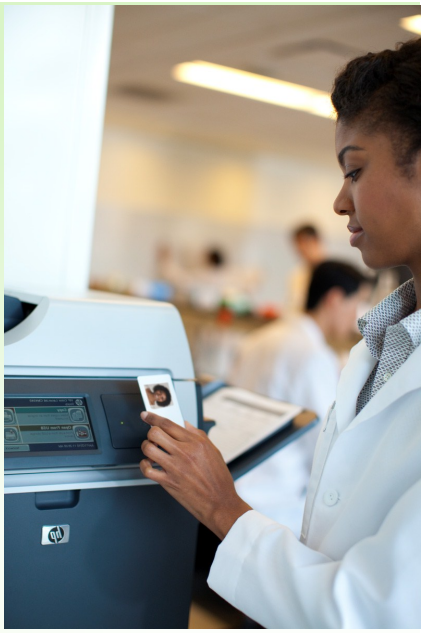
Limits set on medical records requests

The OMPP has set medical record request limits for RAC audits of Provider Type 01 – Hospital. Limits will follow these guidelines:

- The maximum limit is set per Legacy Provider Identifier (LPI).
- The RAC may request no more than 300 medical records per individual audit and no more than 600 medical records per calendar year, per LPI.
- The RAC may not make requests more frequently than every 90 days.
- The OMPP may authorize the RAC to exceed the limit. Affected providers will be notified in writing.

These limits apply exclusively to Medicaid RAC audits of hospitals. As additional Medicaid RAC audits are identified and approved for other provider types, the OMPP will determine limits appropriate to each respective area and share that information with providers and stakeholders.



For questions about the Medicaid RAC program, please contact the HMS RAC audit coordinator at (617) 398-1366. If you have received an audit letter and have questions specific to your audit, please contact the person listed in the letter.

Provider education

MDS 3.0 Case Mix Audit Review, SDGs, and PASRR

Online training sessions on the Minimum Data Set (MDS) 3.0 Case Mix Audit Review, the Supportive Documentation Guidelines (SDGs), and Pre-Admission Screening and Resident Review (PASRR) are scheduled for October 31 and November 1, 2012. Sessions run from 10-11 a.m. For more information, see the MDS 3.0 page on indianamedicaid.com.

Sign up today for the 2012 annual provider seminar October 23-25!

The 2012 IHCP Annual Provider Seminar will be at the Caribbean Cove and Conference Center in Indianapolis, October 23-25, 2012. Don't miss this prime opportunity to make the most of your enrollment in the Indiana Health Coverage Programs (IHCP). For more information and to register, visit the Provider Education page of indianamedicaid.com.

QUESTIONS?

If you have questions about this publication, please contact Customer Assistance at (317) 655-3240 in the Indianapolis local area or toll-free at 1-800-577-1278.

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