

AMERICAN HEALTHCARE AUDIT  
PROFESSIONALS, INC.

Making a difference where it counts...



## AUDITOR'S CORNER

### UnitedHealth Group Faces up to \$1.33 billion in Fines

UnitedHealth Group faces fines of up to \$1.33 billion in California stemming from more than 130,000 alleged claims violations, state officials said. The alleged violations are related to PacifiCare, which Minnetonka, Minn.-based UnitedHealth acquired in late 2005.

The California Department of Insurance, which regulates PPOs, and the California Department of Managed Health Care, which regulates HMOs, launched a joint investigation into the insurer in 2007 after receiving hundreds of consumer and provider complaints about claims payment problems with PacifiCare. Wrongful denials of covered claims, incorrect payments, lost documents including medical records, failure to acknowledge receipt of claims in a timely manner, and failure to resolve provider disputes are among the alleged violations cited by the state. A self-audit of PacifiCare directed by the state al-

ready has resulted in \$765,157 in claims and recoveries for patients and providers, the state said. Enforcement by the insurance commissioner could reach between \$650 million and \$1.3 billion. The Department of Managed Health Care, which assesses penalties differently, has assessed a record fine of \$3.5 million.

"We have conducted a top-to-bottom review of PacifiCare's operations, procedures and policies and are working closely with state regulators to ensure that we resolve any outstanding performance issues, in part through corrective action plans submitted to both departments," David Hansen, chief executive officer of UnitedHealthcare's Pacific region, said in a written statement.

-- *Rebecca Vesely*

### VOLUME 2, ISSUE 2, FEB. '08



Happy Valentine's Day From  
American Healthcare Audit Pro-  
fessionals, Inc.

### QUOTE OF THE MONTH

"Far away there in the sunshine  
are my highest aspirations,  
I may not reach them, but I can  
look up and see their beauty,  
believe in them and try to  
follow where they lead."

— Louise May Alcott

### INSIDE THIS ISSUE

- UnitedHealth Group Faces Up to \$1.33 billion in Fines
- Washington Hospitals Won't Charge for "Never Events"
- CMS Proposes RY09 Payment, Policy Changes for Long-Term Care Hospitals
- About Us
- Knowing Heart Risk Keeps Patients on Cholesterol Drugs

Everyone associates February with Valentine's Day, but did you know that February is also about national awareness for heart disease for women. The American Heart Association's Go Red program held a "National Wear Red Day" on February 1st in order to raise awareness and funds to support ongoing research and education about women and heart disease. If you missed Wear Red Day, you can always support by shopping for Go Red apparel at <http://www.shopgored.org/>.



To go to the Auditor's Corner Archives, [click here](#).  
Questions or comments? E-mail us at [info@ahapinc.com](mailto:info@ahapinc.com).

## Washington Hospitals Won't Charge for "Never Events"

Patients in Washington state won't have to pay for care related to serious medical errors, the governor announced in a deal struck with major hospital and healthcare associations.

The agreement applies to 28 of the most egregious adverse events such as operating on the wrong part of the body, or the serious injury or death of a patient from a fall. Out of a total of 600,000 hospital admissions in the state from June 2006 to July 2007, only about 180 such adverse events were reported to the state. The CMS and most major insurers have announced they will no longer pay for many of these so-called "never events."

The Washington State Hospital Association, Washington State Medical Association and Washington Ambulatory Surgery Center Association signed onto the agreement, brokered by Gov. Christine Gregoire.

Washington is the fourth state—after Minnesota, Massachusetts and Vermont—to reach such an agreement with hospitals. Pennsylvania recently announced its Department of Public Welfare will withhold payments for "preventable, serious adverse events."

-- [\*Rebecca Vesely\*](#)

## CMS Proposes RY09 Payment, Policy Changes for Long-Term Care Hospitals

The Centers for Medicare and Medicaid Services (CMS) on Jan. 22 issued a proposed payment rule designed to ensure that long-term care hospitals (LTCHs) continue to receive appropriate payment for services provided while giving them incentives to provide more efficient care. The new policies and payment rates would apply to services provided to individuals who are discharged from these hospitals on or after July 1, 2008. The proposed rule would affect the nation's nearly 400 LTCHs, generally defined as inpatient hospitals where the average length of stay for Medicare patients is greater than 25 days.

CMS is proposing a standard federal rate of \$39,076.28 for the 2009 rate year. This is based on a proposed update of 2.6 percent compared with the standard federal rate for RY08, as revised to comply with provisions of the recently enacted Medicare Extension Act. The update represents a 3.5 percent increase in the hospital marketbasket less a 0.9 percent adjustment to offset coding changes in RY06 that do not reflect real changes in the severity of the cases treated by these hospitals. Comments on the proposed rule are due by March 24, 2008, and a final rule will be issued later in the spring.

[Click here to download the proposed rule.](#)

— HFMA Weekly News  
Volume 3, Issue 4, January 25, 2008

## AMERICAN HEALTHCARE AUDIT PROFESSIONALS, INC.

We are a premier Medical Consulting and auditing firm which provides Medical Chart Auditing, Certified Coding, and Consulting Services. With the help of our highly experienced Nurse Auditors and Certified Coders, we help our clients obtain specific goals in the areas of:

- Medical Chart Auditing
- Certified Coding
- Contract Auditing
- Case Review & Preparation
- Expert Witness Testimony
- Consulting Services for Attorneys & Healthcare Providers
- Worker's Compensation Reviews



### AHAP INC. CONTACT INFO

**Toll Free:** (888) 816-7758  
**Local #:** (949)-448-8296  
**Fax #:** (949)-203-2298  
**E-mail:** [info@ahapinc.com](mailto:info@ahapinc.com)  
**Web:** [www.AHAPInc.com](http://www.AHAPInc.com)

## Knowing Heart Risks Keep Patients on Cholesterol Drugs

Letting patients know how cholesterol boosts their heart risks helps them stick to cholesterol-lowering treatment, Canadian researchers report.

Researchers at McGill University in Montreal enrolled more than 3,000 patients (2,687 completed the study) with cholesterol problems who were instructed to change their lifestyle and then prescribed cholesterol-lowering statin medications when necessary.

Of those patients, more than 1,500 were given a one-page computer printout of their probability for developing heart disease at the start of the study, and at follow-up visits three, six, nine and 12 months later.

At the end of the 12-month study, patients who'd received the heart disease risk profiles had small but significantly greater reductions in "bad" low-density lipoprotein (LDL) cholesterol levels and their ratio of total cholesterol to "good" high-density lipoprotein (HDL) cholesterol levels, the researchers said.

"Patients in the risk profile group were also more likely to reach lipid targets," the study authors wrote in the Nov. 26 issue of the journal *Archives of Internal Medicine*.

"Communicating risk (of heart disease) is consistent with many of the recommendations to improve adherence, including enhancing self-monitoring and using the support of family and friends," the researchers concluded.

"Informing patients of their coronary risk may also increase the effectiveness of primary prevention by identifying individuals most likely to benefit from treatment while reassuring those at low risk. This information may also assist physicians in treatment selection while improving patient adherence," the research team wrote.

The study was funded by Pfizer Inc., which makes the cholesterol-lowering drug Lipitor. The authors have associations with a number of drug makers.