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ARE YOU READY FOR THE RAC?

The Centers for Medicare & Medicaid Services (CMS) today announced that \$371.5 million in improper Medicare payments has been collected from or repaid to health care providers and suppliers as part of a demonstration program using recovery audit contractors (RACs) in California, Florida and New York in 2007. Nearly \$440 million has been collected since the program began in 2005. Approximately 96 percent of the improper payments identified by the RACs in 2007 were overpayments collected from health care providers; the remaining 4 per-

cent were underpayments repaid to health care providers. The demonstration program began in California, Florida and New York in 2005 and expanded into Massachusetts, South Carolina, and Arizona in 2007. The first three states are those states with the largest number of Medicare claims. Implementation of the RAC program has been guided by reports from the Department of Health and Human Services Office of Inspector General and the Government Accountability Office. The overpayments collected during FY 2007, ending Sept. 30, 2007, were

\$124.6 million in Florida (\$9.8 million in 2006); \$120.1 million in California (\$29.2 million in 2006); and \$112.5 million in New York (\$25.6 million in 2006), a total of \$357.2 million (\$64.6 million in 2006). The underpayments refunded to health care providers during FY 2007 were \$4.1 million in Florida, \$8.4 million in California and \$1.8 million in New York, a total of \$14.3 million. This information and more is included in the 2007 RAC Status Document, issued today by CMS.

CONTINUED ON PG. 3 — RAC...

QUOTE OF THE MONTH

“ When you hire people who are smarter than you are, you prove you are smarter than they are.”

R. H. Grant

**MOTHER'S DAY...
A CELEBRATION IN HONOR OF ALL MOTHERS**

Mother's Day is a time of commemoration and celebration for Mom. It is a time of breakfast in bed, family gatherings, and crayon scribbled "I Love You's." Celebrating motherhood is a historical tradition dating back almost as far as mothers themselves. A number of ancient cultures paid tribute to

mothers as goddesses, including the ancient Greeks, who celebrated Rhea, the mother of all gods. The ancient Romans also honored their mother goddess, Cybele, in a notoriously rowdy springtime celebration and the Celtic Pagans marked

the coming of spring with a fertility celebration linking their goddess Bringing together with the first milk of the ewes.



PHYSICIANS SEND MORE PRIVATELY INSURED PATIENTS TO PHYSICIAN-OWNED ASCS, SAY RESEARCHERS

Physicians who refer the most patients to physician-owned ambulatory surgical centers (ASCs) disproportionately send privately insured patients to these ASCs while sending Medicaid enrollees to hospital outpatient departments, according to a new study of referral patterns in the Pittsburgh and Philadelphia metropolitan areas, published March 18 as a *Health Affairs* web exclusive. The study was designed to test whether having an ownership stake in an ASC would affect

the types of patients a physician would refer to the facility. Because no public records identify physician-owners of ASCs, lead author Jon Gabel and colleagues analyzed the referral patterns of physicians who accounted for the top 50 percent of physician-referrers to each physician-owned ASC, then compared referral patterns for these physicians with the referral patterns of high referers to hospital outpatient

departments and non physician-owned ASCs.

They found that in calendar year 2003, the top 50 percent of physician-referrers to physician-owned ASCs in the two metropolitan areas referred strikingly few Medicaid and self-pay/indigent patients either to the physician-owned ASC or to other facilities. Even though 11 percent of Pennsylvanians are enrolled in Medicaid and 10 percent of the state's population is uninsured, Medicaid patients made up only 1.4 percent of all referrals for these high referrers/physician-owners, and self-pay indigent patients accounted for only 1.8 percent of referrals for this group.

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MEMORIAL DAY

Memorial Day is much more than a three-day weekend that marks the beginning of summer. To many people, especially the nation's thousands of combat Veterans, this day, which has a history stretching back all the way to the Civil War, is an impor-

tant reminder of those who died in the service of their country. Memorial Day is the time to remember, reflect and honor those who risked their lives to protect us and the country.

Saluting and remembering the brave hearts...

Who gave their all for all of us....



*Soldier, rest,
thy warfare
o'er,
Dream of
fighting fields
no more.
Sleep the sleep
that knows not
breaking,
Morn of toil,
nor night of
waking.*

Sir Walter
Scott

CULTURE CHANGE IN NURSING HOMES: HOW FAR HAVE WE COME?

The Commonwealth Fund 2007 National Survey of Nursing Homes
In the past decade, there has been growing awareness of culture change among professionals and providers in the field, but the extent to which nursing homes across the

country have adopted a resident-centered culture is still unknown. In 2007, The Commonwealth Fund conducted a nationally representative survey of nursing homes to learn more about the penetration of the culture change movement at the national

level and measure the extent to which nursing homes are adopting culture change principles and practicing resident-centered care.

**CONTINUED ON
PG. 4—NURSING
HOMES...**



AAMAS CONFERENCE 2008

AHAP Inc. once again has sponsored The American Association of Medical Audit Specialists (AAMAS) 2008 annual conference which was held during late April in Disneyland Anaheim, California. The greatest advantage in attending these conferences is the sharing of ideas that work to enhance the day to day operations in the audit field. AHAP Inc. appreciates these organizations and encourages open forums to grow our profession

as Certified Medical Audit Specialists.

- Julie Doumad RN, BSN, CMAS

Director of Audit Services

(American Healthcare Audit Professionals, Inc.)



RAC...CONTINUED FROM PAGE 1

most of the improper payments that the RACs identified occurred when health care providers submitted claims that did not comply with Medicare's coverage or coding rules. More than 85 percent of the overpayments collected by RACs and almost all underpayments refunded by the RACs were from claims submitted by inpatient hospitals.

Soon, the RAC program will be rolled out nationwide. Hospitals already straining to achieve a positive margin must be ready. Being ready for the RAC involves developing a system for responding to RAC requests, tracking RAC activity, and appealing

findings as appropriate. Perhaps most important, hospitals need to assess and improve their clinical documentation processes both in preparation for the RAC and as a result of any RAC findings. Documenting medical necessity is critical to addressing RAC activity. Hospitals must bring finance, clinicians, and compliance professionals together to establish a consistent process that will ensure regulatory compliance and revenue integrity. In order to establish a Proactive Audit Preparedness Plan, management must work on Uniting the Clinical and Financial Departments of the Hospital. For more information on the RAC program and to view

the FY 2007 Status Document, visit: <http://www.cms.hhs.gov/RAC>

American Healthcare Professionals (AHAP) are prepared to assist your staff in preparation for OIG Audits. Our auditors have experience in several projects assisting facilities with this very diligent audit preparations providing audit outcomes to our clients to identify areas of risk.

- Julie Doumad RN, BSN, CMAS

Director of Audit Services

(American Healthcare Audit Professionals, Inc.)

“In order to establish a Proactive Audit Preparedness Plan, management must work on Uniting the Clinical and Financial Departments of the Hospital. “

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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:

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

MAKING A DIFFERENCE WHERE IT COUNTS...

NURSING HOMES...CONTINUED FROM PAGE 2

According to a new [study](#), Nursing homes that adopt a model of culture change—in which residents enjoy more privacy and have greater control over their lives—see greater benefits in terms of staff retention, higher occupancy rates, better competitive position and improved operational costs.

Based on the self-reported data, the survey showed that about 31% of the

nursing homes were “culture-change adopters,” 25% were “culture-change strivers,” and the remaining 43% were traditional nursing homes. (Numbers do not add to 100 because of rounding, the study said). Of the culture-change adopters, 58% of the homes allowed residents to determine their own schedules, compared with just 22% of traditional nursing homes. Also, 59% of homes that adopted culture change

included direct-care workers and residents on the senior management team, compared with 24% of traditional nursing homes.

With regard to the marketplace, 78% of homes that have implemented seven or more culture-change initiatives reported that the changes have improved their competitive advantage in their market, compared with 54% of nursing homes that have implemented three or fewer initiatives.

