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CMS STRIVING FOR FAIR AUDIT PROGRAM

The Recovery Audit Contractor, or RAC, program, has caused a great deal of controversy, yet the CMS wants to make its new audit process “a fair program” for providers, said Lt. Terrence Lew, a health insurance specialist with the CMS’ Division of Recovery Audit Operations’ Financial Services Group, during a federal advisory panel meeting.

“The success of this program is important. We heard loud and clear that providers were upset with the burdens placed upon them,” Lew told the Practicing Physicians Advisory Council. The bottom line is “we don’t want to overwhelm providers,” said Lew, a member of the U.S. Public Health Service.

The audit program—created by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003—pays incentive fees to third-party auditors that identify and correct improper payments paid to healthcare providers in fee-for-service Medicare. In some instances, the contractors may require medical records to conduct a review.

Lew said the CMS would be encouraging the contractors to “be reasonable” in dealing with providers, adding that the agency has made a number of program revisions to minimize the burden on doctors and hospitals, such as limiting the

Continued on pg. 3—CMS Audit Program...



QUOTE OF THE MONTH...

- **Quality is never an accident; it is always the result of high intention, sincere effort, intelligent direction and skillful execution; it represents the wise choice of many alternatives.**

Willa A. Foster

ELECTRONIC MEDICAL RECORDS

Obama has made electronic medical records a central piece of his plan to cut costs out of a U.S. healthcare system that consistently ranks lower in quality measures than other rich countries.

Many Hospitals have been slow to switch to electronic records

because of cost, uncertainty about the effectiveness of the technology and doctors' reluctance. Some also question the security of patient information stored on computers that can be accessed by a range of hospital staffers.

A recent study in the New England Journal of Medicine looked at the emergency medical records progress of nearly three thousand hospitals. The results show that less than two percent of U.S. hospitals have adopted fully

Continued on pg. 2—EMR...

SAN DIEGO SYSTEM FIGHTS RAC PROCEDURES

A San Diego health system has filed a complaint in federal court, challenging procedures used by Medicare's recovery audit contractors to reopen claims.

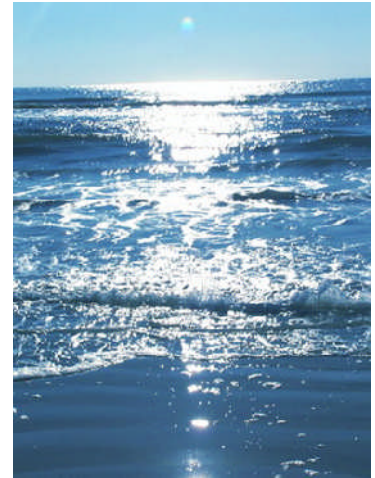
The controversial audit program pays incentive fees to third-party auditors of Medicare reimbursement. The suit, which was filed by two-hospital Palomar Pomerado Health against

HHS, alleges that RAC contractor PRG-Schultz International unlawfully reopened a claim by Palomar during the CMS' RAC demonstration project without showing "good cause" for the reopening as required by Medicare regulations.

Medicare regulations require that RAC contractors show "good cause" for reopening and reviewing claims

between one and four years after payment. Atlanta-based PRG-Schultz, which administered RAC audits for California during the demonstration project, had a reputation for denying a large portion of the Medicare inpatient rehabilitation claims it reviewed in the state.

Continued on pg. 3—San Diego System...



REVENUE CAPTURE IN HEALTHCARD TODAY

Is your revenue generating departments doing their share of capturing charges?

The financial success of any hospital or healthcare facility is dependent upon accurately charging clients for the services that have received. "Recovery of lost revenue" or "Charge Capture" should be an important part of any healthcare organization.

Although this process at first

seems to be a simple and basic, there seems to be many barriers in successfully capturing and posting charges for services rendered. Unfortunately many hospitals and healthcare providers consider this task as just another cost of doing business and do not give it the high priority that it should be given.

Properly capturing charges or

recovery of lost revenue can significantly increase the revenue and reduces the delayed payments and reduces long accounts receivable cycle not to mention satisfying regulatory compliance.

Another issue seems to be that many care providers view this process as low

Continued on pg. 4—Revenue Capture...

"Recovery of lost revenue" or "Charge Capture" should be an important part of any healthcare organization.

EMR...CONTINUED FROM PAGE 1

functional Electronic Medical Records, or EMRs.

Studies shows that larger, urban teaching hospitals are more likely to have electronic health records than other hospitals, in part because they are better funded.

According to a November article in the Journal of American Health Information

Management Association, making health records available online in the electronic form could result in industry savings of \$13 billion to \$21 billion a year in the U.S.

The use of electronic health records saves time, helps prevent medication errors

and improves communication between doctors, nurses and specialists, hospital officials say.

The Obama administration is trying to remove some of the financial barriers with \$19 billion in federal stimulus money for the adoption and use of electronic health records. The government will also begin deducting from Medicare payments to doctors who don't have computerized records within five years.

What do you think? We welcome your comments on this issue to share with our readers...

SAN DIEGO SYSTEM...CONTINUED FROM PAGE 2

The lawsuit also alleges that the Medicare Appeals Council was incorrect in its 2008 ruling that administrative law judges do not have jurisdiction to decide whether a claim was reopened lawfully. The complaint was filed in U.S. District Court in

San Diego with the support of the Fund for Access to Inpatient Rehabilitation or "FAIR" Fund, a legal defense fund made up primarily of inpatient rehabilitation hospitals and units. The CMS is in the process of implementing a permanent

RAC program, in which PRG-Schultz is a subcontractor.

Modern Healthcare

Posted: March 27, 2009 - 5:59 am EDT



CONCEPT OF LEADERSHIP

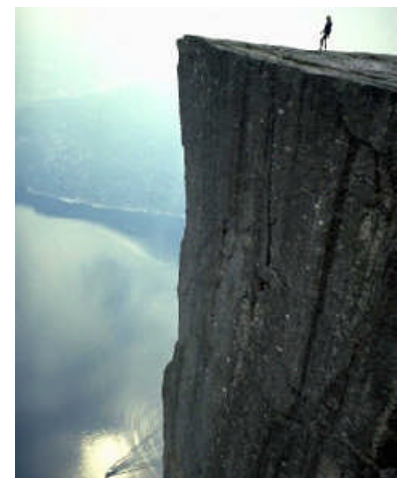
Good leaders are **made** not born. If you have the desire and willpower, you can become an effective leader. Good leaders develop through a never ending process of self-study, education, training, and experience. This guide will help you through that process.

To inspire your workers into higher levels of teamwork, there are certain things you must **be, know, and, do.** These do not come naturally, but are acquired through

continual work and study. Good leaders are continually working and studying to improve their leadership skills; they are NOT resting on their laurels.

Before we get started, lets define leadership. Leadership is a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it more cohesive and coherent. Leaders carry out this process by applying their leadership attributes, such as

beliefs, values, ethics, character, knowledge, and skills. Although your position as a manager, supervisor, lead, etc. gives you the authority to accomplish certain tasks and objectives in the organization, this *power* does not make you a leader, it simply makes you the *boss*. Leadership differs in that it makes the followers *want* to achieve high goals, rather than simply *bossing people around*.



CMS AUDIT PROGRAM...CONTINUED FROM PAGE 1

number of medical record requests during a RAC review.

But some of these new limits are still quite demanding, PPAC member Fredrica Smith, an internist and rheumatologist in Los Alamos, N.M., argued. As an example, small group practices are going to have a

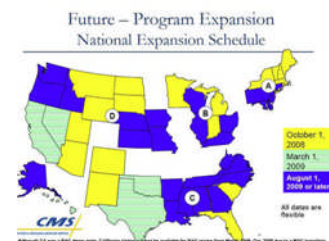
difficult time producing 20 medical records in 45 days to an auditor, she said.

Following up on Smith's concerns, the panel made several recommendations to further ease the burdens on providers, such as requiring that the RAC auditors reimburse providers for

copies of medical records prior to the commencement of a RAC audit.

HHS is required to make it a permanent, national program by Jan. 1, 2010

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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:

- *Medical Chart Auditing*
- *Hospital Bill Audit*
- *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...

REVENUE CAPTURE...CONTINUED FROM PAGE 2

priority administrative function without any centralized process or standards in entering charges. Which may increase missed revenue opportunities, delayed payments, payer denials and Medicare inquiries which may results in expensive penalties due to inaccurate billing.

Internal Medical Chart Audit should be considered an Investment,

Not Just a Cost.

A properly trained Medical Chart Auditor with a strong clinical and billing experience assisting the appropriate department managers and nursing departments with maintaining and/or developing Charging Protocols and Policies in all revenue producing departments can play a significant role in identifying, correcting and improving the charge

capture and recovery of lost revenue process within a hospital and healthcare providers.

— *Julie Doumad RN, BSN, CMAS*

Director of Audit Services

([American Healthcare Audit Professionals, Inc.](http://www.AHAPInc.com))



Internal Medical Chart Audit should be considered an Investment, Not Just a Cost.