



October 30, 2017

CMS Approves Inpatient Psychiatric Services for RAC Audits

Introduction

The Centers for Medicare and Medicaid Services (CMS) have added a new complex audit to the Recovery Audit Contractors (RAC) issues list, “Inpatient Psychiatric Facility Services,” for claims with a paid date after October 1, 2015.

Executive Summary

On September 8, 2017, the RACs were given the go-ahead to begin auditing inpatient psychiatric facility services to determine if services having a “claim paid date” of October 1, 2015 or later were medically reasonable and necessary. The review of this issue, impacting all regions and associated states will be conducted as a complex review.

A complex review consists of a manual review by the RAC. The RAC will request the medical record for the above targeted approved issue. Facilities will have 45 days to submit the documentation as requested. CMS has charged the RACs to identify improper payments, therefore, expect the record to be scrutinized as they are auditing for medically reasonable and necessary services.

The auditor will focus on such areas as: (1) Medicare’s conditions of payment: is there documentation by the physician certifying medical necessity upon admission, or as soon thereafter as possible, (2) recertification as of day 12 of the hospitalization, (3) subsequent recertification no less than every 30 days of continued services, (4) treatment plans and (5) appropriately signed admission orders by the psychiatrist.¹

Background

CMS’ mission for the RAC program is to identify and correct Medicare improper payments through the auditing process. The RAC program became permanent in 2008 after a successful three year demonstration, however, the program has undergone several revisions since 2010. On October 31, 2016, CMS awarded new fee-for-service RAC contracts and revised the Statement of Work (SOW) for each contractor. The current process of the Medicare Administrative Contractor (MAC) issuing demand letters following the discussion period between the RAC and provider remains unchanged.²

Key Steps Facilities Should Take

- ❖ Know the RAC for your region (see attachment)
- ❖ Ensure the targeted issue and RAC approach is discussed with your facility’s compliance department

- ❖ If not already established, develop an internal RAC response structure
 - Know who receives the mail for your facility and inform them that any correspondence received from your region's RAC should be delivered to a designated individual or department immediately. Additionally, show them a sample of what the letter may look like from your region's RAC (sample letters can typically be found on each RAC's website)
 - Have a central person or department designated to receive RAC requests, initialize the internal requests for medical records from the appropriate departments and manage response
 - Be cognizant and convey to all essential individuals the time sensitivity of only a 45 day turnaround time (HIM, Coding, Case Management/UR, etc.)
 - Designate appropriate clinical and/or case management to review requested records
 - Is there a previous outpatient encounter that would add value to the medical necessity of the inpatient stay?
 - Send medical documentation exactly as instructed by the RAC. Have a designated person or administrative staff pre-screen for completeness
 - The RAC will have 30 days to respond with a review results letter
- ❖ If not done prior to record submission, during the 30 day wait time, review the requested records to determine potential risks
- ❖ Determine your organizational appeal strategy
 - Should the RAC identify an error, adjustments will be held for 30 days; if you disagree with the RAC's initial decision, the facility may use this period of time to enter into a discussion with the RAC
- ❖ Should the RAC uphold their decision, the demand letter will be sent to the facility by your state's MAC (see attachment)

Timing

Date approved: September 8, 2017

Look back period: Claims paid after October 1, 2015

Additional Information

Medicare Fee-for-Service RAC Regions³

MACs by State (2016)⁴

¹<https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/bp102c02.pdf>

²https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/Recovery-Audit-Program/Downloads/New_RAC-SOW-Regions-1-4-clean.pdf

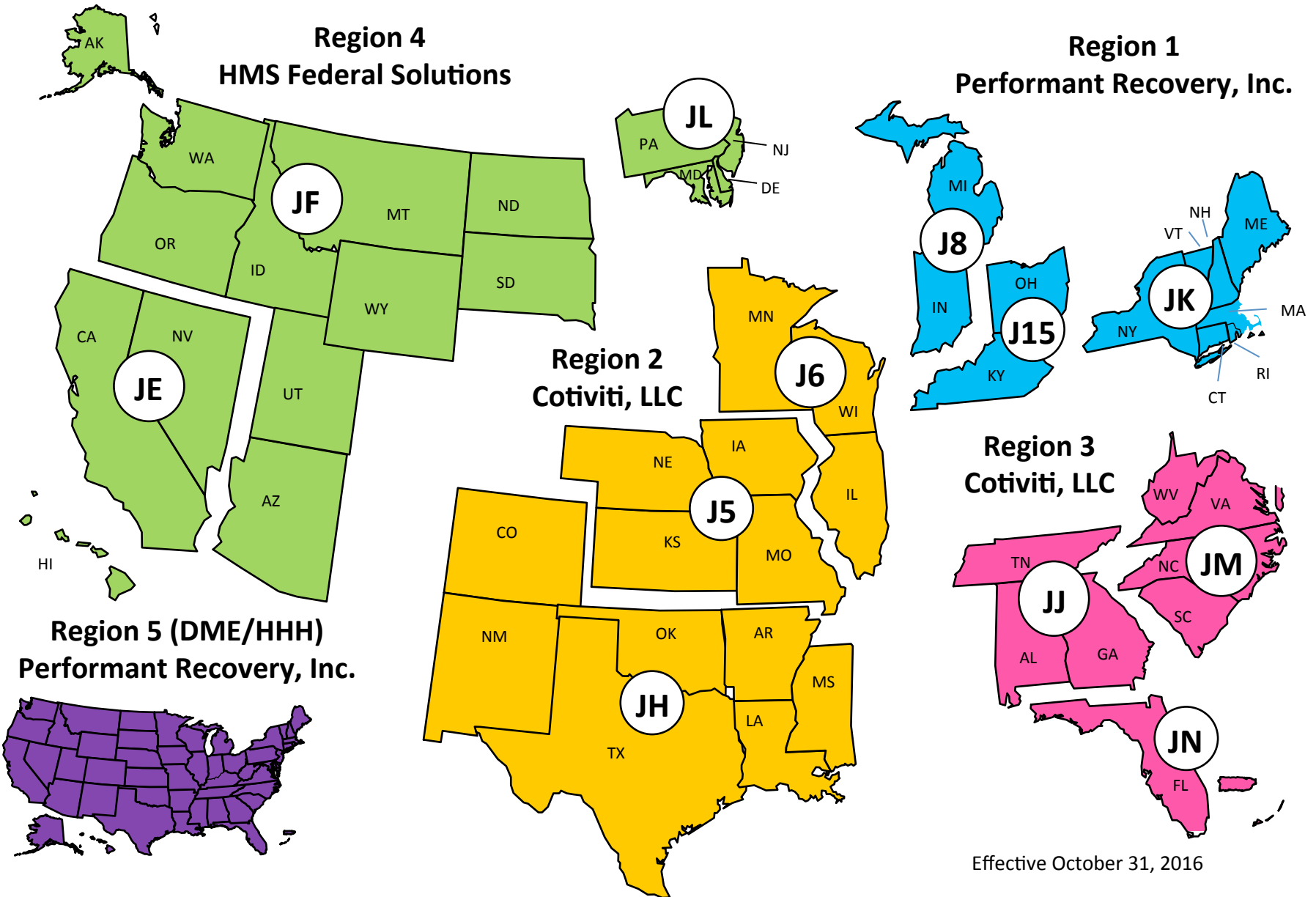
³<https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/Recovery-Audit-Program/Downloads/Medicare-FFS-RAC-map-November-2016-clean.pdf>

⁴<https://www.cms.gov/Medicare/Medicare-Contracting/Medicare-Administrative-Contractors/Who-are-the-MACs.html>

<https://www.cotiviti.com/healthcare/who-we-serve/cms-approved-issues>

This alert relates to general information and is intended for informational purposes. Individual facts and circumstances based on facility/hospital structure, policy and local laws vary. Please contact Diamond's Corporate Integrity Department for facility/hospital specific questions or additional information.

Medicare Fee-for-Service RAC Regions



Medicare Administrative Contractors (MACs)
As of July 2016

MAC Jurisdiction	Previous MAC Jurisdiction	Processes Part A & Part B Claims for the following states:	MAC
DME A	DME A	Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont	Noridian Healthcare Solutions, LLC
DME B	DME B	Illinois, Indiana, Kentucky, Michigan, Minnesota, Ohio, Wisconsin	CGS Administrators, LLC
DME C	DME C	Alabama, Arkansas, Colorado, Florida, Georgia, Louisiana, Mississippi, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia, Puerto Rico, U.S. Virgin Islands	CGS Administrators, LLC
DME D	DME D	Alaska, Arizona, California, Hawaii, Idaho, Iowa, Kansas, Missouri, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming, American Samoa, Guam, Northern Mariana Islands	Noridian Healthcare Solutions, LLC
5	5	Iowa, Kansas, Missouri, Nebraska	Wisconsin Physicians Service Insurance Corporation
6	6	Illinois, Minnesota, Wisconsin **HH + H for the following states: Alaska, American Samoa, Arizona, California, Guam, Hawaii, Idaho, Michigan, Minnesota, Nevada, New Jersey, New York, Northern Mariana Islands, Oregon, Puerto Rico, US Virgin Islands, Wisconsin and Washington	National Government Services, Inc.
8	8	Indiana, Michigan	Wisconsin Physicians Service Insurance Corporation
15	15	Kentucky, Ohio **HH + H for the following states: Delaware, District of Columbia, Colorado, Iowa, Kansas, Maryland, Missouri, Montana, Nebraska, North Dakota, Pennsylvania, South Dakota, Utah, Virginia, West Virginia, and Wyoming	CGS Administrators, LLC
E	1	California, Hawaii, Nevada, American Samoa, Guam, Northern Mariana Islands	Noridian Healthcare Solutions, LLC
F	2 & 3	Alaska, Arizona, Idaho, Montana, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Noridian Healthcare Solutions, LLC
H	4 & 7	Arkansas, Colorado, New Mexico, Oklahoma, Texas, Louisiana, Mississippi	Novitas Solutions, Inc.
J	10	Alabama, Georgia, Tennessee	Cahaba Government Benefit Administrators, LLC
K	13 & 14	Connecticut, New York, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont **HH + H for the following states: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont	National Government Services, Inc.
L	12	Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania (includes Part B for counties of Arlington and Fairfax in Virginia and the city of Alexandria in Virginia)	Novitas Solutions, Inc.
M	11	North Carolina, South Carolina, Virginia, West Virginia (excludes Part B for the counties of Arlington and Fairfax in Virginia and the city of Alexandria in Virginia) **HH + H for the following states: Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Mississippi, New Mexico, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, and Texas	Palmetto GBA, LLC
N	9	Florida, Puerto Rico, U.S. Virgin Islands	First Coast Service Options, Inc.

**Also Processes Home Health and Hospice claims