



# COMPLIANCE E-NEWS

Volume 2, Issue 3

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## RAC Update

The Medicare Recovery Audit Contractor (RAC) program was created through the Medicare Modernization Act of 2003 and made permanent by the Tax Relief and Health Care Act of 2006. The purpose of the RAC program is to identify and recover improper Medicare payments—both overpayments and underpayments—made to providers under fee-for-service Medicare plans. RACs use software programs and medical record reviews to identify potential payment errors in such areas as duplicate payments, medical necessity and coding. The RACs receive a percentage of the improper overpayments and underpayments they collect from providers. In order to administer the program nationally, CMS awarded contracts to four regional RACs. SLUCare is in Region D where Health Data Insights, Inc. is the designated RAC. Once the institution receives a notice, a response must be made within specific timeframes. At SLUCare the RAC Response Team reviews all pertinent provider documentation and follows up with formal correspondence to the RAC. Often we are able to appeal the denials successfully. In addition, the Team analyzes the RAC data to identify trends and provides feedback to providers, the PMO and billing staff members regarding ways to improve or strengthen billing and documentation practices.

During the past several months, SLUCare received 52 RAC notices. All of the 52 were automatic denials, meaning they were based on the software application. On a positive note, 16 were *underpayment* determinations and resulted in additional reimbursement. The 36 remaining cases were denied as *overpayments*. The predominant RAC reasons for denial were global to a procedure lacking the appropriate modifier, and New Patient vs. Established Patient visits. If RAC denial was deemed appropriate or there was inadequate documentation to support the charge, the offset was not appealed.

In summary, after review by the SLUCare Response Team, 10 denials have been appealed and successfully overturned, 21 have been totally or partially offset, and 5 appeals are currently pending. Careful monitoring of all future RAC communication will continue and updates will be provided.

## Recent Fraud Headlines

The U.S. Department of Health & Human Services Office of Inspector General publication, *A Roadmap for New Physicians: Avoiding Medicare and Medicaid Fraud and Abuse*, cites specific case examples of fraudulent billing and are listed below. The entire publication may be accessed at <http://oig.hhs.gov/fraud/Physician>.

- A psychiatrist was fined \$400,000 and permanently excluded from participating in the Federal health care programs for misrepresenting that he provided therapy sessions requiring 30 or 60 minutes of face-to-face time with the patient, when he had provided only medication checks for 15 minutes or less.
- A dermatologist was sentenced to 2 years of probation and 6 months of home confinement and ordered to pay \$2.9 million after he pled guilty to one count of obstruction of a criminal health care fraud investigation. He admitted to falsifying lab tests and backdating letters to referring physicians to substantiate false Medicare covered diagnoses.
- A cardiologist paid the Government \$435,000 and entered into a 5-year Integrity Agreement with OIG to settle allegations that he knowingly submitted claims for consultation services that did not meet the criteria for a consultation.
- An endocrinologist billed routine blood draws as critical care blood draws. He paid \$447,000 to settle allegations of upcoding and other billing violations.

- In January 2011, Joseph Kubacki, MD, the former chairman of the Ophthalmology Department at Temple University School of Medicine was indicted on 72 counts of health care fraud.

The government alleges that despite his attendance at annual compliance training sessions regarding proper billing procedures and requirements, he:

- billed services for patients he did not personally see or evaluate
- submitted false claims with charges totaling over \$3 million for those services
- personally made and directed residents and staff to make false statements in the medical record

As a result of his actions the government additionally states he sought to increase his total compensation by falsely inflating the total amount of his billings with fraudulent claims, causing over \$1.5 million to be paid by health care benefit programs to Temple University Hospital.

**Compliance Academy Spring Schedule (see page 2)**

If you have any comments or questions regarding the Compliance E-News please contact Lynn Monahan at [monahanl@slu.edu](mailto:monahanl@slu.edu)

# Compliance Academy Schedule of Classes April – May 2011



**2011 Annual Compliance Update – registration not required**  
(mandatory completion by 12/31/11)

April 4	5:00 – 6:00 p.m.	Kohler Auditorium 2 <sup>nd</sup> Floor, St Mary’s Hospital
April 20	9:00 – 10:00 a.m.	Hanlon Conference Room 7 <sup>th</sup> Floor, Bordley Tower, SLUH
April 20	4:30 – 5:30 p.m.	McGowan Conference Room, Ground floor, Cardinal Glennon
April 28	5:00 – 6:00 p.m.	Internal Medicine Conference Room, 8 <sup>th</sup> Floor, Bordley Tower, SLUH
May 10	10:00 – 11:00 a.m.	LRC Auditorium C
May 18	5:00 – 6:00 p.m.	Internal Medicine Conference Room 8 <sup>th</sup> Floor, Bordley Tower, SLUH
May 26	12:00 – 1:00 p.m.	Hanlon Conference Room 7 <sup>th</sup> Floor, Bordley Tower, SLUH

**Documentation and Coding Feedback Forum – registration required**

April 5	5:00 – 6:00 p.m.	Board Room, 3 <sup>rd</sup> Floor ABI
April 27	5:00 – 6:00 p.m.	Compliance Academy Classroom Room M229H, Schwitalla Hall
May 17	4:30 -5:30 p.m.	Compliance Academy Classroom Room M229H, Schwitalla Hall

**Health Insurance Portability & Accountability Act (HIPAA) General Session-**  
*Registration not required*

April 7	3:00 – 4:00 p.m.	Compliance Academy Classroom Room 229H, Schwitalla Hall
May 12	3:00 – 4:00 p.m.	Compliance Academy Classroom Room M229H, Schwitalla Hall

**Electronic Health Records: Documentation and Coding Compliance Considerations**  
**Registration required** to register contact Theresa: 268-6406 or [forsythe@slu.edu](mailto:forsythe@slu.edu)

**“Optimizing Clinical Documentation in the Electronic Health Record Environment”**  
Chris Sallee, MD and Sally Frese, MSN, RN

April 26	5:30 – 7:00 p.m.	McGowan Conference Room Ground Floor, Cardinal Glennon
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