

Develop Your RAC Audit Plan Immediately - Here's How:



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For the last three articles I have written for the RAC Monitor, we presented a thesis that the elements of a Model Compliance Program, as detailed to us on numerous occasions by the Department of Health and Human Services, Office of Inspector General's office, does provide to healthcare providers an appropriate structure from which to prepare for RAC.

As a refresher, the seven elements of a model compliance program are as follows:

- Designation of a compliance officer and compliance committee;
- Development of compliance policies and procedures, including standards of conduct;
- Development of open lines of communication;
- Appropriate training and education;
- Internal monitoring and auditing;
- Response to Detected Deficiencies; and
- Enforcement of disciplinary actions.

I am asked frequently, "which is most important element" or "do I really need to complete all elements." My responses include that I don't think you can say that one element is always most important and certainly "yes" you need to address each element or you are opening your organization up for increased risk. Having said this, I must comment that a very important element for all of your compliance efforts is always your ability to do accomplish auditing in an effective and efficient manner. In order to achieve this goal it is important to have an audit plan for RAC.

RAC and Your Audit Plan

In today's challenging financial and economic climate, the vast majority of hospitals and health systems' compliance and audit departments are faced with trying to do more with less fewer resources. The ongoing challenges and burdens of running an effective compliance program with the normal expected and planned for everyday risks of accurate billing/documentation/coding, conflict of interest, HIPAA, physician contracts, Stark, vendor relationships, hotline calls, etc... is now extended to deal with the impending RACs. How do you deal with this increased burden? One suggestion is to immediately (if you have not already) put pen to paper (or keystrokes to computer) and develop your audit needs relating to RAC as well as your required resource budget to accomplish this task.

Developing Your Audit Plan

How do you develop your audit plan? My first suggestion would be to perform a brief internal and external review of the subject matter. The external review is pretty simple. The RACs are coming and we know from the recently completed Demonstration Project that the majority of overpayments identified (- somewhere between 70% - 75% depending upon which statistics you review) -were from coding errors

and lack of documentation to support medical necessity. Thus it would be logical to focus your attention and resources on these areas.

The internal review is a little bit more complicated but begins with some simple questions, such as the following:

- What assessments have been performed on your one-day stays? What were the results?
- Do you perform many cardiac services? Are there frequent one-day stays? Have you reviewed your compliance with these services?
- What are your policies and procedures for observation status vs. admitting a patient? Has the documentation compliance of these services been reviewed?
- Do you accomplish wound debridements in your hospital?
- Has your medical staff been educated on all aspects of clinical documentation necessary to justify medical necessity and other related matters?

Now back to your RAC Audit Plan: If you know that 70%- 75% of the RACs historical findings are due to inaccurate coding and medical necessity issues and you answer the questions above you should begin to be able to draft your RAC Audit Plan. The plan should focus on specific areas of risk that you need to address immediately and over the next 12 months.

When I was a compliance officer I annually presented to both the Corporate Compliance Committee and the Board of Directors my annual work plan understanding it would be updated at least quarterly and more frequently if warranted. This action permitted the Board to understand fully our risk areas (recall that your Board members are fully responsible for the oversight of the hospital) and how we were going to address them. It also allowed for the development of a budget including the external resources which that were going to be necessary to complete all of the work plans activities.

For your coding accuracy and medical necessity initiatives it is very important (if not completed already) to have a "base line review" performed to evaluate your compliance with the rules and regulations. Another value of a baseline review is that it permits you to identify deficiencies and correct them (including making pay backs) prior to the first RAC letters hitting your facility. A methodology to consider to implementing after your reviews are performed is to follow them with group and individual education based upon the review findings to your medical staff and other applicable individuals. If you get into the cycle of performing a review, doing education, performing the review, then educate again, etc... you should soon notice your review error rates decreasing.

The RAC initiative will be challenging, but building your RAC Work Plan, with the proper resources, will assist you and your institution to be prepared.

About the Author

Bret S. Bissey is a nationally recognized expert in healthcare compliance. He is the author of the Compliance Officer's Handbook, published in 2006, and has presented at more than 40 regional and national industry conferences/meetings on numerous compliance topics. He has over 25 years of diversified health care management, operations and compliance experience.