PREPARING FOR MEDICARE AUDITS

Hospitals are using information technology in hopes of minimizing the financial impact of the new RAC program.

When a financial audit is inevitable, often the best way to prepare is with a self-audit. That's the approach University of Texas Health Center-Tyler is taking to get ready for the inescapable Medicare Recovery Audit Contractor program. A potential juggernaut, the federal financial recovery initiative looms on the horizon.

Beginning this fall, the Medicare program will begin phasing in audits of hospitals and some group practices state by state, primarily focusing on recouping overpayments to providers for certain types of treatments.

To prepare for the RAC initiative, the 114-bed Texas hospital is doing what many experts recommend. It's using data mining to analyze its Medicare claims, particularly those most likely to be the focus of an audit. Without the help of a consultant, the small hospital is analyzing whether it has properly coded and documented claims for the kinds of cases, such as 24-hour hospital stays, that the RAC program pinpointed during a three-year demonstration project in six states, says Shannon Roshan, administrative director, revenue cycle operations.

The hospital is using data mining software from The Shams Group, Coppell, Texas, to dig into data from its clinical and financial systems from Medical Information Technology Inc., Westwood, Mass., as well as other applications. It's carefully analyzing whether any claims are incorrect so it can promptly send an adjusted bill to Medicare in advance of an audit. It's also tallying how many cases it has had in each target area, such as 24-hour stays, so it can begin gathering all necessary documentation in advance of an audit. And it's using the data to support a clinician education program.

"We're seeing a big need for physician education on documentation issues," Roshan says. Doctors at the hospital still hand-write their clinical notes, and they're being educated on how to do a more thorough job on such details as providing adequate information to support a particular diagnosis. "As a teaching institution, we have to do our part to teach doctors how to properly document treatment."