

# MEDICARE COMPLIANCE

## Global Approach to ‘Defense Audits’ Helps Inform Management, ID Errors

Until recently, WellSpan Health’s compliance officer had no way to give management a snapshot of audit and overpayment activity. Different employees tracked medical record requests from various program-integrity contractors on half a dozen spreadsheets, a less-than-ideal approach to identifying error trends and patterns.

“We kept trying to give data to upper management to show them the effect of different reviews ongoing throughout the organization, but everything was siloed,” says Wendy Trout, director of corporate compliance and revenue management for WellSpan, which has two hospitals and 65 ancillary sites.

That’s all changed. The York, Pa., health system now assimilates all “defense audits” in a single information system. “When you look globally, you see the biggest problems,” Trout says. “I can run my reports to look at all different types of audits, not just the RAC or Medicaid. That way, you can see trends you might miss if just looking at one payer.” And the findings help the health system make better use of its education resources.

WellSpan has a “defense audit team” to manage and track audits conducted by Medicare, Medicaid and commercial payers. The defense audit team includes the usual suspects (e.g., the directors of compliance and revenue management, case management, medical records), but the day-to-day process is managed by a clinical defense audit coordinator, a nurse with documentation improvement skills. The defense audit coordinator works with two nurse auditors and an administrative assistant, and gets help from case management and coding.

The audit management process is split up by payers. Reviews are conducted by the defense audit coordinator and the two nurse auditors, though case management will soon be joining the party. One auditor is responsible for RAC and “RAC-like” audits (contingency-fee auditors used by Medicare Advantage plans). A second auditor does commercial-payer audits. A third handles Medicare administrative contractor medical reviews and additional documentation requests as well as Medicaid audits (both state Medicaid contingency-fee audits and those of CMS Medicaid integrity contractors). But the key is “we are filing all the information in the same place,” she says.

That “place” is software accessible from desktop computers. The administrative assistant gets the ball rolling

for everyone by entering salient information (e.g., bills, medical records, case management notes). Then the nurse auditors scan other data into the software tool, which is made by MRO, plus any information helpful for tracking (e.g., hospital department, physician, coder, DRG). MRO defaults in the deadlines and documentation-shipment locations. “By logging into a common system, we collect the same data,” she says. “I can report on charges being audited. I can bucket errors into categories. We can provide management a picture of how we are doing.”

The defense audit coordinator and nurse auditors review results to determine whether an appeal is warranted. If so, they prepare the appeals with input from coding and case management. On the front end, the defense audit coordinator looks at documentation requests to see if there are commonalities across payers that might indicate sys-

### WellSpan Current Reviews: All Activity

This snapshot of the status of all Medicare, Medicaid and commercial-payer audit activity, which changes daily, is part of WellSpan Health’s defense audit tracking program. Contact Wendy Trout, director of corporate compliance and risk management, at [wtrout@wellspan.org](mailto:wtrout@wellspan.org).

Audit Status	# of Audits	Amount Paid on Claim	Determination Overpayment
ROI request pending	62	\$98,711.66	\$ —
Determination pending	329	\$4,233,899.25	\$ —
No error — audit closed	383	\$2,413,957.88	\$ —
Awaiting payment to facility	0	\$ —	\$ —
Underpayment resolved	0	\$ —	\$ —
Overpayment in review	7	\$38,528.88	\$29,618.53
Appeal letter pending	1	\$5,486.05	\$2,775.63
Awaiting judgment	12	\$49,852.60	\$19,305.85
Recovery pending — decision	0	\$ —	\$ —
Awaiting payment to auditor	16	\$121,230.75	\$68,054.88
Overpayment resolved	2	\$1,619.99	\$1,619.99
<b>TOTAL</b>	<b>812</b>	<b>\$6,963,287.06</b>	<b>\$121,374.88</b>

temic problems. Results are reviewed on the back end for the same reason.

Trout finds one MRO snapshot particularly helpful. It updates, in real-time, all audits and their status in dollar amounts and number of audits (see p. 4). For example, while sitting at her desk, Trout can check on the overpayment and underpayment amounts identified by program-integrity contractors, how many appeals are pending, and how many audits were closed with no error found. Trout can click on any item and immediately see the documentation associated with it, eliminating potential disagreements with auditors over what documentation was submitted and when. For example, when she clicks on "Awaiting Judgment," Trout can view all the medical records gathered by WellSpan and submitted to the RAC. If an auditor contends a piece of information is missing, Trout can check it out on the software with a quick click. Maybe pages are just out of order. But "there is never any question of what was sent," she says.

The integrated defense-audit tool also will help manage requests from multiple auditors. In addition to the MAC, MIC, RAC, ZPIC, state Medicaid program-integrity contractor and commercial payers, the Medicare HMO uses three different audit contractors. Because these entities operate on different schedules, providers must keep tabs on various deadlines (e.g., bills, medical records). "Every audit is different," she says. "We are halfway to incorporating the different auditors."

Tracking and trending data are other benefits of integrated defense auditing and tracking. Errors tend to cross payers, so it helps to get to the root cause of a problem. Trout tracks errors by DRG, coder, auditor, physician, CPT and department. WellSpan also assigned internal error-reason codes to identify problems regardless of who pays

the claim. The codes are assigned to classic error categories, such as duplicate charges, lack of medical necessity, and problems with principal or secondary diagnosis codes. If errors keep popping up for selecting the wrong principal diagnosis, for example, Trout could investigate the cause (e.g., coders struggling with a DRG). Or sometimes there is no pattern, and an entire department needs more training in a specific area. Trout also looks at the big picture to determine what other secrets the errors may have to tell. For example, maybe one of WellSpan's payers denies claims too readily and the contract should be reconsidered.

"It's incredible to have this data all in one place rather than in different spreadsheets all over the place," she says.

Even with advanced tools, the government's audit frenzy wears thin on hospitals and eats up scarce resources, compliance officers say. "We definitely will fix things, and we appreciate the opportunity to fix things," but "it costs us all in the long run," Trout says. And it's frustrating when hospitals are asked to send fat packets of documentation on perfectly good claims. For example, she says, WellSpan produced 433 medical records recently for various program-integrity contractors. All claims were given a clean bill of health. While the audit news was good for WellSpan, there was a senselessness about them. Most audits were conducted by Pennsylvania's Medicaid contingency-fee contractor (CGI), and a few were RAC and MAC audits.

The MRO software was customized for WellSpan with a lot of input from Trout. She encourages other hospitals to push their vendors to go beyond RAC tracking. "Even if your vendor says they can't do it, they probably can. It is challenging for us and for them, but work with them," she says.

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