Real World Solutions for APC Compliancy & Recovery Services

- Presented by PPMCC, Inc
  - 1959 S. Power Rd. Suite #103-442
  - Mesa Arizona 85206-4398
    - Office 480-985-5757
    - Fax 480-654-2699
    - Web: PPMCCINC.COM

Objectives of our Presentation/Meeting

- To Identify Successful APC Practices
  - To Utilize APC Analysis to Improve APC Compliance and Revenues
  - **To demonstrate that hospital processes affect APC billing and reimbursement, NOT SIMPLY BILLING OR CODING.**
- To provide information on CMS and OIG target areas of enforcement on APC's as of **January 2006 and into 2007**.

APC ERROR RATES

1. Avg. Error Rate found in over 400 Hospitals
   - **20% or more of APC claims have errors**
2. OIG: Current Observations on APC's
   - **No hospitals bill pharmaceuticals correctly**
   - **An average of $75 per claim is missed in the ER for level 4 and 5 visits**
   - **An average of $125 per claim is missed in observation**
3. Penalty for Errors on claims
   - **$12,500 per claim plus treble damages**
4. January 2006: End of Transition Period
   - Go live phase for OIG
   - Full authority to audit any hospital
   - Several recent cases have gone back before 2006 in assessing fines and penalties and jail time
   - **Are you on their investigation list?**

Myth Number One

APC Billing Problems Are Simply A Coding Problem

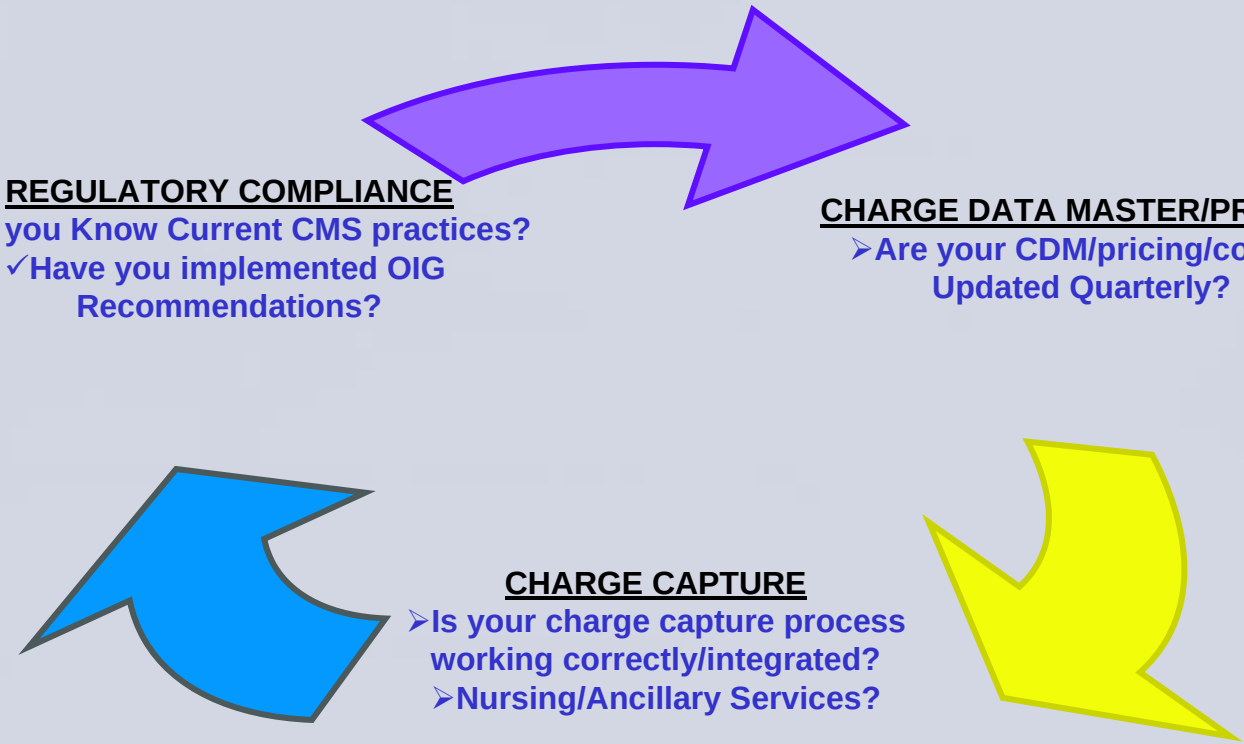
1. **Fact: APC's affect the entire hospital:**
   - **Operationally**
   - **Financially**
2. **Fact: Evaluating APC's represents the single best vehicle to monitor a Hospital performance: (Like a PET SCAN of your hospital:**
   - **Compliancy Programs**
   - **CDM**
   - **Revenue/charge capture processes**
3. **Fact: A greater increase in revenues can be brought about by operational changes related to APC's than by *"purely" medical records coding reviews/changes***
   - ***We normally see anywhere from a minimum of 4:1 to 6:1 or greater benefit ratios***

Myth Number Two

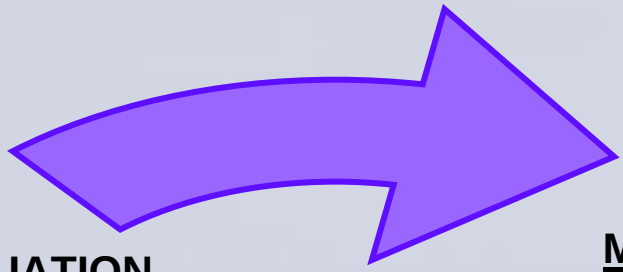
Hospitals Cannot Be Profitable Under the APC Reimbursement System!

1. **Fact: Hospitals can actually increase APC revenues, while concurrently improving compliancy**
2. **Fact: Hospitals can actually be profitable under the APC reimbursement system**

APC NIRVANA


REGULATORY COMPLIANCE
✓Do you Know Current CMS practices?
✓Have you implemented OIG Recommendations?
CHARGE DATA MASTER/PRICING
➢Are your CDM/pricing/codes Updated Quarterly?
CHARGE CAPTURE
➢Is your charge capture process working correctly/integrated?
➢Nursing/Ancillary Services?

APC NIRVANA

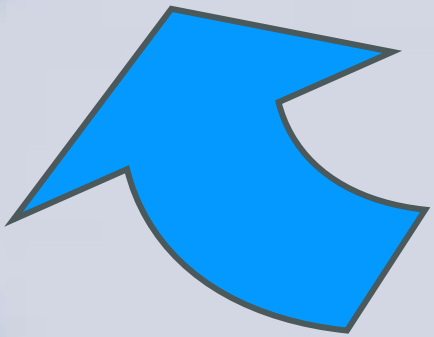


PAYMENT RECONCILIATION

- Do you reconcile projected APC payments with received payments?

MEDICAL RECORDS

- Do you identify and conduct reviews of charts?



APC ANALYSIS/MONITORING QUARTERLY

- Winners/ Losers?
- Value of Avg. weighted visit?
- No. APC's/Visit by APC
- Hosp APC Index/Case Mix Index?
- Hosp. Procedure Index?
- Relationship between Indexes?

Successful Hospital APC Practices

- **They Monitor APC's on a Quarterly Basis**
  - **Know APC Winners and Losers**
  - **Know the value of average weighted APC visit**
  - **Know the number of APCs per visit by APC**
  - **Know your Hospital APC Index**
  - **Know your Hospital Case Mix Index**
  - **Know the Relationship Between the APC Index and the Case Mix Index**
  - **Know your Hospital Procedure Index**
  - **Know the Relationship Between the Procedure Index and the APC Index**

OPTION/APPROACH ONE:

SIMPLE APC 837/835 Hospital PPMCC Data Extraction Process

- 4 quarters initial analysis
- Per PPMCC-APC Specs Sheet
- To include 835/ 837/PSR Claims/Payment data only
- Data Scrubbing/Cleaning/Matching/Modeling

APC Claim Data Analysis: PHASE ONE

- Compliancy
- Over/Under
- **Output:** Comprehensive Analysis/Report
  - Financial/Operational/CDM (if CDM problems evident—Complete CDM analysis)
  - On-site clinical record review
  - Problem Claims Hit List

Claims Recharacterization/Recoupment/Recovery: PHASE TWO

- Problem Claims Pulled/Audited
- Medical Record, 835 Detail/837 Detail Comparison & Analysis
- Recoding/Rebilling
- Resubmittals to Intermediary
  - Monitor/Collections
  - On Going Quarterly Analysis/Monitoring

APC Minimum Data Analysis Requirements

- **Data Requirements for Medicare/APC Outpatient Data Analysis:** The following data elements represent the minimum data required to conduct an APC Analysis.
- These data items are derived from the 835 and 837 forms and/or PSR.
- The data elements should be arrayed in a comma delimited file for each of the quarters analyzed. The data elements include the following:
  - Patient ID (encrypted/but traceable for recovery work)
  - Visit (Service/Date)
  - Revenue Center Codes with hospital definitions
  - Hospital Wage Index
  - Hospital Cost to Charge Ratio
  - Total Visit Charges
  - Total Visit Payments
  - Procedures CPT/HCPCS Code and Modifier if used with each procedure and any- optional fields
  - Quantity of Procedures for each CPT/HCPCS codes billed
- **NOTE: Phase Two Recovery Work Requires "Paper Print Copies" of identified 837/835 forms from the APC Analysis plus access to Medical Chart and Notes for same identified claims from APC Analysis in Phase One**

OPTION/APPROACH TWO:
Consolidated Hospital PPMCC Data Extraction Process

- 4 quarters initial analysis
- Per PPMCC-IT Department Specs Sheet
- To include 835/ 837/PSR Claims/Payment data plus CDM data
- Data Cleaning/Matching/Modeling

Data Analysis CDM/Pricing: PHASE ONE

- Compliancy
- Line Item Market Pricing
- On-site Review
- **Output:** Comprehensive Report
  - ✓ CDM/Pricing Rpt. For Hospital Updating of CDM systems/pricing

APC Claim Analysis: PHASE ONE

- Compliancy
- Over/Under
- **Output:** Comprehensive Analysis/Report
  - o Financial/Operational
  - o On-site review
  - o Problem Claims Hit List

Update CDM/Pricing: PHASE ONE/TWO

- Make identified updates to CDM/Pricing prior to claims recoding/rebilling as required
- Implement line item pricing changes/recommendations

Claims Recharacterization Recoupment and Recovery: Phase One/Two

- Problem Claims Pulled/Audited
- Medical Record, 835 Detail/837 Detail Comparison & Analysis
- Recoding/Rebilling
- Resubmittals to Intermediary
  - oMonitor/Collections

Post APC Analysis/Recovery Is that all there is?

- Phase Three?
  - Recommended Ongoing Quarterly APC/CDM Monitoring
- Process/Operational/Financial Improvement Options?
  - Focus on Losers and other Commonly Identified Problem Areas Such As:
    - Emergency Department
    - Pharmacy
    - Operational/Charge Capture Issues

BASIC
APC Method of Analysis

- Conducted in accordance with guidance provided by the Office of Inspector General and the American Hospital Association
- Review every procedure performed for each quarter and account for it (see sample reports).
- Then we proceed to conducting around 20 analysis
  - Number of analyses will very depending on current information e.g. separate set of analyses for the ED
  - Identification of procedures not paid under the APC System
  - Identification of Winners and Losers
  - Codes identified by the OIG and CMS for review
  - Identification of records that have a difference between expected revenues and revenues received
  - Development of an APC Index
  - APC's accounting for 80% of the revenues
  - Trend Analysis
  - Pass-Through Payment
  - Procedure Index
  - Comparison of Procedure Index to APC Index
  - Case-Mix Index
  - Cost to Expected APC Payment Ratio

APC-High Profit Hospital Profiles

1. **They Have Higher Relative APC weight per visit and APC Index in excess of 2.75 APC's visit. Best hospitals have an index above 4.0**
   - **HOW?**
     - ✓ **They are accounting for more APC procedures per visit**
     - ✓ **They have Superior Charge Capture Processes**
     - ✓ **They have Current/Updated CDM**
2. **They Know and Follow Current CMS practices**
   - ✓ **Identification of Codes**
   - ✓ **Changes in payment policy**
   - ✓ **Changes in codes for claims submission**
3. **They Fully Implement OIG Recommendations**
   - ✓ **Drugs and Types of Drugs**
   - ✓ **Codes for Drugs and Quantities**

Processes are Key to Successful APC Compliancy & Optimal Reimbursement

- **NEWS FLASH:**
  - **Unlike pre-APC billing, PROCESSES *SIGNIFICANTLY IMPACT BILLING***
- ***ALERT NUMBER ONE:***
  - **Having a Current CDM does not necessarily insure proper reimbursement and/or compliancy**
  - **Technically Correct Billing and/or Coding does not necessarily insure proper reimbursement or compliancy**
    - **The CDM can be set up correctly and billing errors can still occur in some areas such as pharmacy**
    - **Staff can input correct information on the nursing unit and charges can still be incorrect**
    - **Links between the pharmacy system and the charge entry system are often to blame**

Processes are Key to Successful APC Compliancy & Optimal Reimbursement

- **ALERT TWO:**
- **Inadequate Operational Processes Results In Major Losses of APC Claim Reimbursement**
  - **In our experience, Operational/process mistakes exceed purely financial/coding mistakes by at least a Ratio of at least 4 : 1 or More!**
- **What Can Be Done to Address These Operational, Financial and Compliancy Issues?**
  - **Complete an APC Analysis of your Hospital's Medicare Outpatient Data for at least Four Quarters!**
- **WHAT IS APC Analysis/Recovery?:**
  - **Sample Reports/Analysis**

Sample Report:
Third Quarter 2006 Payment Variation

Total $ (Loss)/Gain = (Expected APC Payment - Actual Payment)
Counts by Variation Range

Range	Frequency	Total $ (Loss)/Gain
>= 1,000	34	$ 57,125.30
>= 500 and < 1,000	169	$ 117,892.77
>= 200 and < 500	831	$ 255,988.46
>= 100 and < 200	1,121	$ 181,886.93
>= 1 and < 100	5,743	$ 196,282.90
> -1 and < 1	291	$ 1.65
> -100 and <= -1	12,684	$ (396,651.60)
> -200 and <= -100	569	$ (54,092.63)
> -500 and <= -200	179	$ (58,790.30)
> -1,000 and <= -500	99	$ (73,574.01)
<= -1,000	381	$ (646,762.80)
TOTAL	**22,101**	**$ (420,693.33)**

Sample Report: Screen for Claims with Underpayments > $500

Sample MedCenter 2006 Q3 Visits with (Expected APC Payment - Actual Payment) >=$500
(Diff = Expected APC Payment - Actual Payment)

PATIENT	VDATE	Charges	Actual Payment	Expected APC Payment	Cost	Diff	APCnum	APC2
001798109	20060925	$ 3,878.74	$ 793.77	$ 1,295.57	$ 1,357.56	$ 501.80	0377	0269
001798810	20060929	$ 6,922.17	$ 690.59	$ 1,259.80	$ 2,422.76	$ 569.21	0337	0284
041851378	20060915	$ 3,878.74	$ 793.77	$ 1,295.57	$ 1,357.56	$ 501.80	0377	0269
041851585	20060927	$ 3,877.08	$ 793.77	$ 1,295.57	$ 1,356.98	$ 501.80	0377	0269
061852528	20060925	$ 10,423.19	$ 5,570.06	$ 6,170.52	$ 3,648.12	$ 600.46	9205	9214
071853540	20060915	$ 3,877.08	$ 793.77	$ 1,295.57	$ 1,356.98	$ 501.80	0377	0269
081853913	20060929	$ 3,878.74	$ 793.77	$ 1,295.57	$ 1,357.56	$ 501.80	0377	0269
091853974	20060825	$ 3,936.06	$ 833.54	$ 1,342.30	$ 1,377.62	$ 508.76	0377	0705
	TOTAL	**$ 2,246,617.84**	**$ 771,771.61**	**$ 1,081,518.49**	**$ 776,268.56**	**$ 305,559.44**		

Sample Report:
Third Quarter 2006 Payment Variation

Total $ (Loss)/Gain = (Expected APC Payment - Actual Payment)
Counts by Variation Range

Range	Frequency	Total $ (Loss)/Gain
>= 1,000	34	$ 57,125.30
>= 500 and < 1,000	169	$ 117,892.77
>= 200 and < 500	831	$ 255,988.46
>= 100 and < 200	1,121	$ 181,886.93
>= 1 and < 100	5,743	$ 196,282.90
> -1 and < 1	291	$ 1.65
> -100 and <= -1	12,684	$ (396,651.60)
> -200 and <= -100	569	$ (54,092.63)
> -500 and <= -200	179	$ (58,790.30)
> -1,000 and <= -500	99	$ (73,574.01)
<= -1,000	381	$ (646,762.80)
TOTAL	**22,101**	**$ (420,693.33)**

Sample Report: Ungroupables Outpatient Claims Not Grouped and/or Paid into APC's

Sorted by Procedure

Procedure	Volume	Procedure Description	Status
19290	3	Place needle wire, breast	Packaged
36005	6	Injection ext venography	Packaged
36145	20	Artery to vein shunt	Packaged
36200	6	Place catheter in aorta	Packaged
36245	1	Place catheter in artery	Packaged
36246	2	Place catheter in artery	Packaged
36415	9,678	Routine venipuncture	Paid elsewhere
36600	110	Withdrawal of arterial blood	Packaged
Total	157917		

Sorted by Volume

Procedure	Volume	Procedure Description	Status
Q4054	69,540	Darbepoetin alfa, esrd use	Paid elsewhere
36415	18,456	Routine venipuncture	Paid elsewhere
J2501	7,480	Paricalcitol	Packaged
A4657	4,118	Syringe w/wo needle	Paid elsewhere
85610	3,702	Prothrombin time	Paid elsewhere
90999	3,663	Dialysis procedure	Not paid: Alt code?
85025	2,783	Complete cbc w/auto diff wbc	Paid elsewhere
80053	2,229	Comprehen metabolic panel	Paid elsewhere
total	157917		

Sample Report: APC 10 TOP LOSERS

APC Losers: Top 10 APCs for Loss
Loss = Expected APC Payment - Cost)

APC	APC Description	Volume	Expected APC Payment	Loss
9050	Na ferric gluconate complex (cost/pay = 5.1)	130	$ 19,657	$ (81,987)
0283	Computerized Axial Tomography with Contrast Material (cost/pay = 1.65)	200	$ 99,646	$ (64,449)
0301	Level II Radiation Therapy (cost/pay = 1.37)	954	$ 142,288	$ (52,828)
0332	Computerized Axial Tomography and Computerized Angiography without Contras (cost/pay = 1.61)	271	$ 74,723	$ (45,382)
0612	High Level Emergency Visits (cost/pay = 1.24)	393	$ 143,062	$ (34,176)
0260	Level I Plain Film Except Teeth (cost/pay = 2.06)	540	$ 24,992	$ (26,479)
0337	MRI and Magnetic Resonance Angiography without Contrast Material followed (cost/pay = 1.93)	44	$ 28,394	$ (26,303)
0377	Level III Cardiac Imaging (cost/pay = 1.1)	244	$ 233,327	$ (22,822)
0336	Magnetic Resonance Imaging and Magnetic Resonance Angiography without Cont (cost/pay = 1.71)	80	$ 32,085	$ (22,770)
0288	Bone Density:Axial Skeleton (cost/pay = 2.35)	151	$ 10,626	$ (142,982)
TOTAL		**3,007**	**$ 808,801**	**$ (520,179)**

Sample Report: APC 10 TOP WINNERS

APC Winners: Top APCs for Gain
Gain = Expected APC Payment - Cost)

APC	APC Description	Volume	Expected APC Payment	Gain
0108	Insertion/Replacement/Repair of Cardioverter-Defibrillator Leads (cost/pay = 0.5)	5	$ 118,319	$ 75,200
0225	Level I Implantation of Neurostimulator Electrodes (cost/pay = 0.31)	1	$ 34,298	$ 23,582
0015	Level III Debridement & Destruction (cost/pay = 0.73)	624	$ 76,842	$ 19,604
0107	Insertion of Cardioverter-Defibrillator (cost/pay = 0.18)	2	$ 18,053	$ 14,732
0222	Implantation of Neurological Device (cost/pay = 0.14)	1	$ 16,909	$ 14,908
9114	Nesiritide (cost/pay = 0.9)	289	$ 142,331	$ 13,525
0611	Mid Level Emergency Visits (cost/pay = 0.79)	366	$ 61,817	$ 13,104
0081	Non-Coronary Angioplasty or Atherectomy (cost/pay = 0.5)	18	$ 26,160	$ 13,005
9205	Oxaliplatin (cost/pay = 0.79)	9	$ 41,505	$ 8,892
0143	Lower GI Endoscopy (cost/pay = 0.87)	128	$ 62,595	$ 9,225
TOTAL		**1,443**	**$ 598,829**	**$ 205,776**

Sample Report: APC SUMMARY

APC	APC Description	Volume	APC Index	Proc Index	Expected APC Payment	Total Charges	Total Costs	Total Actual Payment	Revenue (Loss)/Gain
0395	GI Tract Imaging	2	1.0	2.0	$ 426.57	$ 1,115.38	$ 390.38	$ 226.60	$ (224.60)
0396	Bone Imaging	48	1.3	27.2	$ 12,011.94	$ 38,485.81	$ 13,470.03	$ 6,438.80	$ (6,411.61)
0398	Level I Cardiac Imaging	3	12.7	22.3	$ 2,278.75	$ 7,610.51	$ 2,663.68	$ 1,436.51	$ (1,414.18)
0404	Renal and Genitourinary Studies Level I	1	1.0	4.0	$ 211.56	$ 549.28	$ 192.25	$ 112.38	$ (108.38)
0406	Tumor/Infection Imaging	4	4.3	4.3	$ 1,244.10	$ 2,602.33	$ 910.82	$ 748.25	$ (744.00)
0409	Red Blood Cell Tests	36	2.9	12.8	$ 715.58	$ 12,903.62	$ 4,516.27	$ 2,604.83	$ (2,592.02)
0412	IMRT Treatment Delivery	254	1.4	1.5	$ 81,439.40	$ 212,133.69	$ 74,246.79	$ 61,404.24	$ (61,402.77)
0426	Level II Strapping and Cast Application	2	1.5	1.5	$ 306.35	$ 541.80	$ 189.63	$ 236.07	$ (234.57)
0600	Low Level Clinic Visits	665	1.0	1.6	$ 32,900.63	$ 71,905.65	$ 25,166.98	$ 28,011.48	$ (28,009.85)
0601	Mid Level Clinic Visits	211	1.0	1.3	$ 11,387.16	$ 31,506.37	$ 11,027.23	$ 9,268.06	$ (9,266.73)
0602	High Level Clinic Visits	34	1.1	1.8	$ 2,661.72	$ 6,870.21	$ 2,404.57	$ 2,497.20	$ (2,495.41)
0610	Low Level Emergency Visits	62	1.0	1.1	$ 4,591.02	$ 6,179.63	$ 2,162.87	$ 3,186.87	$ (3,185.81)
0611	Mid Level Emergency Visits	366	1.9	3.2	$ 61,817.16	$ 139,181.35	$ 48,713.47	$ 43,904.13	$ (43,900.98)
	Total (APC Grouped Visits Only)	**10,597**			**$ 2,905,313.62**	**$ 8,913,388.89**	**$ 3,119,686.11**	**$ 2,201,758.46**	**$ (703,555.16)**
	Total (ALL APC Grouped and Ungrouped Visits)	**23,647**							
	Hospital APC Index	**3.03**							
	Case Mix Index	**2.24**							

Sample Report: 80% Payment APC's

APC	APC Description	Volume	Expected APC Payment	(Loss)/Gain	Cumulative % Payment
0225	Level I Implantation of Neurostimulator Electrodes	1	$ 34,298.47	$ 3,959.67	59.8%
0600	Low Level Clinic Visits	665	$ 32,900.63	$ 4,889.15	61.0%
0336	Magnetic Resonance Imaging and Magnetic Resonance Angiography without Cont	80	$ 32,085.40	$ 14,990.48	62.2%
0304	Level I Therapeutic Radiation Treatment Preparation	68	$ 31,940.95	$ 12,627.39	63.4%
0337	MRI and Magnetic Resonance Angiography without Contrast Material followed	44	$ 28,394.35	$ 13,435.55	64.5%
0305	Level II Therapeutic Radiation Treatment Preparation	65	$ 27,523.20	$ 11,185.14	65.5%
0081	Non-Coronary Angioplasty or Atherectomy	8	$ 26,160.10	$ 6,572.47	66.5%
0310	Level III Therapeutic Radiation Treatment Preparation	27	$ 25,162.63	$ 10,509.81	67.4%
0260	Level I Plain Film Except Teeth	540	$ 24,992.05	$ 2,100.06	68.3%
0267	Level III Diagnostic Ultrasound	162	$ 24,196.33	$ 10,421.19	69.2%
0131	Level II Laparoscopy	10	$ 23,627.08	$ 9,366.44	70.1%
0655	Insertion/Replacement/Conversion of a permanent dual chamber pacemaker	3	$ 22,054.38	$ 3,550.10	70.9%
0162	Level III Cystourethroscopy and other Genitourinary Procedures	15	$ 20,087.47	$ 4,620.37	71.7%
0280	Level III Angiography and Venography except Extremity	9	$ 20,023.22	$ 6,562.83	72.4%
0120	Infusion Therapy Except Chemotherapy	149	$ 19,161.90	$ 6,505.60	73.1%
0141	Level I Upper GI Procedures	36	$ 18,360.94	$ 6,714.47	73.8%
0207	Level III Nerve Injections	51	$ 18,137.33	$ 5,058.54	74.5%
0107	Insertion of Cardioverter-Defibrillator	1	$ 18,053.08	$ 1,811.77	75.1%
0058	Level I Strapping and Cast Application	292	$ 17,913.55	$ (2,214.04)	75.8%
9050	Na ferric gluconate complex	130	$ 17,571.42	$ (92,727.42)	76.5%
0222	Implantation of Neurological Device	1	$ 16,908.97	$ 2,510.11	77.1%
	Total	9,375	$ 2,770,260.32	$ 485,965.84	

Sample Report
ER DETAIL ANALYSIS

APC	APC Description	Volume	APC Payment	APC Index	Proc Index	APC's	PROC's
0610	Low Level Emergency Visits	75	$ 4,960.80	1.0	1.1	77.42	79.84
0610	Low Level Emergency Visits	62	$ 4,815.70	1.0	1.4	64.07	83.70
0610	Low Level Emergency Visits	59	$ 3,953.67	1.0	1.2	61.11	69.54
0610	Low Level Emergency Visits	82	$ 5,419.28	1.1	1.4	87.54	115.24
0611	Mid Level Emergency Visits	410	$ 52,092.80	1.9	3.2	781.91	1,292.73
0611	Mid Level Emergency Visits	428	$ 54,852.31	2.0	3.1	863.60	1,344.83
0611	Mid Level Emergency Visits	432	$ 53,364.55	2.1	3.3	894.55	1,414.91
0611	Mid Level Emergency Visits	580	$ 64,871.76	2.0	3.1	1,168.48	1,813.86
0612	High Level Emergency Visits	440	$ 99,359.66	3.9	12.0	1,697.30	5,283.36
0612	High Level Emergency Visits	460	$ 99,149.66	4.2	12.4	1,913.18	5,705.86
0612	High Level Emergency Visits	496	$ 102,094.62	3.8	12.0	1,881.95	5,961.49
0612	High Level Emergency Visits	516	$ 107,914.36	4.0	12.3	2,084.83	6,342.40

Sample Report
ER SUMMARY VISIT ANALYSIS

2006 Overall ER Visit Summary

APC	APC Description	Volume	APC Payment	APC Index	Proc Index
0610	Low Level Emergency Visits	287	$ 19,940.45	1.0	1.25
0611	Mid Level Emergency Visits	1,795	$ 223,121.42	2.0	3.16
0612	High Level Emergency Visits	1,899	$ 427,288.28	3.9	12.28

Baseline Comparison of Proportion of ER Visits by Type

APC	APC Description	Four Qtr's 2006	HFMA/AHA	AHD
0610	Low Level Emergency Visits	7%	40%	30%
0611	Mid Level Emergency Visits	45%	37%	35%
0612	High Level Emergency Visits	48%	23%	34%

Sample Report Showing APC Winners by # Quarters Top 10

APC	APC Description	Number of quarters in top 10	Total volume	Total Payment	Total Gain
0339	Observation	2	49	$ 370,367.40	$328,048.84
0108	Insertion/Replacement/Repair of Cardioverter-Defibrillator Leads	4	23	$ 582,433.78	$180,170.47
0107	Insertion of Cardioverter-Defibrillator	3	12	$ 174,020.56	$91,998.40
0015	Level III Debridement & Destruction	4	2,398	$ 286,466.83	$76,256.94
0081	Non-Coronary Angioplasty or Atherectomy	4	30	$ 99,896.01	$51,485.21
0143	Lower GI Endoscopy	4	574	$ 262,245.76	$43,907.55
0611	Mid Level Emergency Visits	2	749	$ 130,490.81	$28,133.18
0222	Implantation of Neurological Device	2	3	$ 27,677.21	$24,124.10
0225	Level I Implantation of Neurostimulator Electrodes	1	2	$ 34,298.47	$23,581.68
0229	Transcatherter Placement of Intravascular Shunts	1	9	$ 42,576.82	$18,588.76
0080	Diagnostic Cardiac Catheterization	2	115	$ 238,221.80	$18,280.98
9215	Injection, Cetuximab	1	15	$ 51,009.96	$18,129.97
0412	IMRT Treatment Delivery	1	392	$ 124,884.97	$15,219.02
9114	Nesiritide	1	275	$ 142,330.93	$13,525.41
0154	Hernia/Hydrocele Procedures	1	16	$ 33,793.60	$12,606.72
0131	Level II Laparoscopy	1	13	$ 37,165.71	$11,536.71
0041	Level I Arthroscopy	1	14	$ 27,706.76	$11,124.48
9119	Injection, pegfilgrastim 6mg	1	8	$ 22,315.61	$9,974.47
0823	Docetaxel	1	26	$ 29,790.67	$9,165.97
0655	Insertion/Replacement/Conversion of a permanent dual chamber pacemaker	1	5	$ 23,275.73	$9,153.63
9205	Oxaliplatin	1	7	$ 41,504.52	$8,891.77
0089	Insertion/Replacement of Permanent Pacemaker and Electrodes	1	2	$ 16,663.38	$8,879.21

Sample Report Showing APC Winners Sorted by Cumulative Gain and # of Quarters

APC	APC Description	Number of quarters in top 10	Total volume	Total Payment	Total Gain
0015	Level III Debridement & Destruction	4	2,397	$ 286,466.83	$76,256.94
0081	Non-Coronary Angioplasty or Atherectomy	4	29	$ 99,896.01	$51,485.21
0108	Insertion/Replacement/Repair of Cardioverter-Defibrillator Leads	4	25	$ 582,433.78	$180,170.47
0143	Lower GI Endoscopy	4	521	$ 262,245.76	$43,907.55
0107	Insertion of Cardioverter-Defibrillator	3	10	$ 174,020.56	$91,998.40
0080	Diagnostic Cardiac Catheterization	2	117	$ 238,221.80	$18,280.98
0222	Implantation of Neurological Device	2	2	$ 27,677.21	$24,124.10
0339	Observation	2	46	$ 370,367.40	$328,048.84
0611	Mid Level Emergency Visits	2	760	$ 130,490.81	$28,133.18
0041	Level I Arthroscopy	1	15	$ 27,706.76	$11,124.48
0089	Insertion/Replacement of Permanent Pacemaker and Electrodes	1	2	$ 15,663.38	$8,879.21
0131	Level II Laparoscopy	1	14	$ 37,165.71	$11,536.71
0154	Hernia/Hydrocele Procedures	1	18	$ 33,793.60	$12,606.72
0225	Level I Implantation of Neurostimulator Electrodes	1	1	$ 34,298.47	$23,581.68
0229	Transcatherter Placement of Intravascular Shunts	1	7	$ 42,576.82	$18,588.76
0412	IMRT Treatment Delivery	1	389	$ 124,884.97	$15,219.02
0655	Insertion/Replacement/Conversion of a permanent dual chamber pacemaker	1	3	$ 23,275.73	$9,153.63
0823	Docetaxel	1	19	$ 29,790.67	$9,165.97
9114	Nesiritide	1	289	$ 142,330.93	$13,525.41
9119	Injection, pegfilgrastim 6mg	1	9	$ 22,315.61	$9,974.47
9205	Oxaliplatin	1	9	$ 41,504.52	$8,891.77
9215	Injection, Cetuximab	1	11	$ 51,009.96	$18,129.97

Sample Report Showing APC's by Cumulative % of Payment

APC Sorted by Cumulative % Payment
(Loss)/Gain = Expected APC Payment - Actual Payment

APC	APC Description	Volume	Expected APC Payment	Loss/(Gain)	Cumulative % Payment
0377	Level III Cardiac Imaging	228	$ 233,326.51	$ 89,842.05	8.7%
0612	High Level Emergency Visits	393	$ 143,061.71	$ 20,980.40	14.0%
9114	Nesiritide	289	$ 142,330.93	$ 11,451.40	19.3%
0301	Level II Radiation Therapy	954	$ 142,287.96	$ 38,833.09	24.5%
0108	Insertion/Replacement/Repair of Cardioverter-Defibrillator Leads	5	$ 118,318.51	$ 9,726.57	28.9%
0080	Diagnostic Cardiac Catheterization	55	$ 109,490.90	$ 46,778.52	33.0%
0283	Computerized Axial Tomography with Contrast Material	200	$ 99,646.36	$ 42,890.86	36.7%
0269	Level III Echocardiogram Except Transesophageal	224	$ 82,273.44	$ 36,345.71	39.8%
0412	IMRT Treatment Delivery	254	$ 81,439.40	$ 20,035.16	42.8%
0332	Computerized Axial Tomography and Computerized Angiography without Cor	271	$ 74,723.36	$ 32,749.94	45.6%
0015	Level III Debridement & Destruction	624	$ 73,491.91	$ 14,737.47	48.3%
0143	Lower GI Endoscopy	128	$ 62,595.49	$ 27,034.90	50.6%
0611	Mid Level Emergency Visits	366	$ 61,817.16	$ 17,913.03	52.9%
1513	New Technology - Level XIII ($1100 - $1200)	42	$ 55,423.32	$ 14,225.68	55.0%
0303	Treatment Device Construction	76	$ 55,026.62	$ 22,427.65	57.0%
9205	Oxaliplatin	9	$ 41,504.52	$ 4,665.35	58.5%
0225	Level I Implantation of Neurostimulator Electrodes	1	$ 34,298.47	$ 3,959.67	59.8%
0600	Low Level Clinic Visits	665	$ 32,900.63	$ 4,889.15	61.0%
0336	Magnetic Resonance Imaging and Magnetic Resonance Angiography without	80	$ 32,085.40	$ 14,990.48	62.2%
0304	Level I Therapeutic Radiation Treatment Preparation	68	$ 31,940.95	$ 12,627.39	63.4%
0337	MRI and Magnetic Resonance Angiography without Contrast Material followe	44	$ 28,394.35	$ 13,435.55	64.5%
0305	Level II Therapeutic Radiation Treatment Preparation	65	$ 27,523.20	$ 11,185.14	65.5%
0081	Non-Coronary Angioplasty or Atherectomy	8	$ 26,160.10	$ 6,572.47	66.5%
0310	Level III Therapeutic Radiation Treatment Preparation	27	$ 25,162.63	$ 10,509.81	67.4%
0260	Level I Plain Film Except Teeth	540	$ 24,992.05	$ 2,100.06	68.3%
0267	Level III Diagnostic Ultrasound	162	$ 24,196.33	$ 10,421.19	69.2%
0131	Level II Laparoscopy	10	$ 23,627.08	$ 9,366.44	70.1%
0655	Insertion/Replacement/Conversion of a permanent dual chamber pacemaker	3	$ 22,054.38	$ 3,550.10	70.9%
	Total (APC Grouped Visits Only)	**8,909**	**$ 2,693,321.68**	**$ 651,638.64**	

Sample Report Showing Potential Overpayments

PATIENT	VDATE	Charges	Actual Payment	Expected APC Payment	Cost	Diff
061831005	20050929	$ 4,412.45	$ 1,921.59	$ 141.71	$ 1,544.36	$ (1,779.89)
061831007	20050929	$ 4,432.19	$ 2,225.97	$ -	$ 1,551.27	$ (2,225.97)
061831008	20050929	$ 4,629.28	$ 2,395.27	$ 28.34	$ 1,620.25	$ (2,366.93)
061831012	20050928	$ 4,522.64	$ 2,101.11	$ 226.73	$ 1,582.92	$ (1,874.38)
061831012	20050930	$ 2,173.36	$ 1,726.72	$ -	$ 760.68	$ (1,726.72)
061831013	20050929	$ 6,939.94	$ 4,059.11	$ 283.41	$ 2,428.98	$ (3,775.70)
061831015	20050928	$ 4,146.64	$ 1,302.56	$ 85.02	$ 1,451.32	$ (1,217.54)
061831015	20050930	$ 3,101.28	$ 1,694.73	$ -	$ 1,085.45	$ (1,694.73)
061831016	20050929	$ 3,213.44	$ 1,456.29	$ 113.36	$ 1,124.70	$ (1,342.93)
061831017	20050930	$ 3,101.28	$ 1,478.31	$ -	$ 1,085.45	$ (1,478.31)
061835404	20050930	$ 3,101.28	$ 1,565.25	$ -	$ 1,085.45	$ (1,565.25)
	total	$ 2,422,654.12	$ 1,285,568.20	$ 19,731.75	$ 446,224.60	$ (667,811.14)

Excerpt of Report Showing Abnormal Expected Quantities >50

Patient	V Date	Proc	Qty	Visit Tot Chg	Visit Tot Rcvd	STATIND	Proc Desc	APC #
061838103	20050930	Q4054	90	$ 4,411.77	$ 541.79			
061844024	20050922	Q4054	200	$ 857.29	$ 81.55			
061844024	20050924	Q4054	200	$ 1,982.97	$ 718.10			
061844024	20050926	Q4054	200	$ 105.66	$ 22.19			
061844024	20050927	Q4054	200	$ 353.22	$ 72.28			
061844024	20050929	Q4054	200	$ 1,591.43	$ 599.80			
061846102	20050920	Q4054	100	$ 970.22	$ 326.33			
061846102	20050922	Q4054	100	$ 367.33	$ -			
061846102	20050930	Q4054	100	$ 1,192.80	$ 753.98			
081805448	20050720	Q0137	200	$ 9,773.59	$ 1,265.91	K	Darbepoetin alfa, non-esrd	0734
081818356	20050808	Q0137	300	$ 1,908.11	$ 916.13	K	Darbepoetin alfa, non-esrd	0734
081833750	20050831	Q0137	200	$ 10,534.88	$ 3,169.09	K	Darbepoetin alfa, non-esrd	0734
081833894	20050831	J0878	200	$ 8,398.15	$ 1,746.02	G	Daptomycin injection	9124
081842876	20050914	J9035	50	$ 10,425.02	$ 5,570.06	G	Bevacizumab injection	9214
081852528	20050928	J9035	50	$ 10,423.19	$ 5,570.06	G	Bevacizumab injection	9214
		total	518,633					

Sample Phase 2 APC Recovery Analysis

PATIENT ID/Claim Identifier	Missing/Wrong No HCPS Produres Code	Procedure(s) Not Properly Attch'd to C-Code or No Code	APC Procedure Missing/Wrong/No Modifier	No APC Weights for Claim	Bundling Other Issue(s)	Billed Charge(s) below Min. Medicare Price	Unit Edits/Other	Other Notes
001834937	Yes	Yes	TBD ?	Yes	Yes			Free Pacemaker Potential Compliancy
001813677	Yes	Yes	Yes	Yes	TBD	Yes		
001843227	Yes	Yes	Yes	Yes	Yes			
081852528	Yes	Yes	Yes, Wrong APC	Yes	Yes			
001830914	Yes	Yes	TBD ?	Yes	Yes	Yes		Potential Compliancy
001841380	Yes	Yes	Yes	Yes	Yes	Yes		Potential Compliancy
001823902	Yes	Yes	Yes	Yes	Yes			
041798464	Yes		Yes	Yes				
041825260	Yes		Yes	Yes				
061813390	Yes		Yes	Yes	Yes		Yes- No Pass Through C Codes with procedure/ treatment codes	Potential Data/code Issues
061831182	Yes	Yes	Yes No C codes	Yes			Yes- No Pass Through C Codes with procedure/ treatment codes	
061831182	Yes	Yes	Yes No C codes	Yes			Yes- No Pass Through C Codes with procedure/ treatment codes	Series Versus Daily Claim without all APC's for each visit?

Sample Pass Through Analysis

- **Pass-Through (PT's) Preliminary Results/Observations**
  - We conducted a review of two quarters pass-through claims as identified in our APC reports.
    - **Results:** We found 288/1337 claims were deficient in that they did not have Pass Through Drugs associated with appropriate APC (a 22% error rate).
    - **Results**: We found 477/1822 claims were deficient in that they did not have Pass through drugs associated with appropriate APC (a 26% error rate).

Sample Device Categories Review

- **Device Categories**
  - **HCPCS codes for Devices to be Reported:** As you may be aware, effective January 1, 2005 OPPS hospitals must report device category codes and charges. This is necessary so the OPPS payment for procedures using these devices is accurate in future years as APC payment amounts are reviewed.
    - **Below please find the complete list of device codes, which should be a part of your hospital's chargemaster, as pertinent, for procedures performed in your facility.**
      - **Code: C1713**
      - **Long Description: ANCHOR/SCREW FOR OPPOSING BONE-TO-BONE OR SOFT TISSUE-TO-BONE (IMPLANTABLE)**
      - **Short Description: Anchor/screw bn/bn,tis/bn**

Sample
Edits for Claims with Procedures and Device Codes

- **Edits for Claims on Which Specified Procedures are to be Reported with Device Codes:**
  - Effective for services furnished on or after April 1, 2005, the OCE will return to the provider any claim that reports a HCPCS code for a procedure listed below that does not also report at least one device HCPCS code required for that procedure.
  - The hospital will need to modify the claim by either correcting the procedure code or ensuring that one of the required device codes is on the claim before resubmission.
  - While all devices that have device HCPCS codes, and that were used in a given procedure should be reported on the claim, where more than one device code is listed for a given procedure code, only one of the possible device codes is required to be on the claim for payment to be made.
  - **HCPCS Code For Device-Related Procedure: 36557**
    - **SI: T**
    - **Short Desc: Inserted Tunnel CV Cath**
    - **APC: 0032**
    - **HCPCS CODE APPLICABLE TO DEVICE: c1751**

Sample
Supplemental ER Dept. Review

- **ER Record / Notes Review: Survey of 100 random charts**
  - **Supported billing levels.**
    Level 1 notes: 4
    Level 2 notes: 38
    Level 3 notes: 58
    Level 4 notes: 0
    Level 5 notes: 0
- **Average number of Diagnoses per note: 1.48.**
  - **Maximum number of diagnoses on a single ER Note: 5**
  - **Minimum number of diagnoses on a single ER note: 0**
- **Average Additional Diagnoses available but not used: 5.55**
  - **Maximum Additional Diagnoses on Single ER Note: 18**
  - **Minimum Additional Diagnoses on Single ER note: 0**

Sample Supplemental ER Dept. Review

- **Triage Sheet with Note: 100**
- **Nursing Note with ER Note: 78**
- **Nursing Note/Triage Notes Missing Supporting Information: 96**
- **Nursing Note/Triage Note with Conflicting Information of Physician Note: 65**
- **Diagnoses on Note Support the Ancillary Services/Therapy: 60**
- **Ancillary Service Reports With Visit: 90**

Sample
Supplemental ER Dept. Review

- **Comments about Ancillary Service Reports Explain the Clinical Decision: 93**
- **ER Physician Consulted with another physician: 39**
- **Consulting Physicians Note has Conflicting Information with ER Physicians Note: 16 (16/38 = 42%)**
- **Order Sheet with Visit: 100**
- **All Orders on the order sheet: 0**
- **IV given to the patient: 51**
- **IV Times on the note (required for billing): 0**
- **Missing Evidence / Note information does not support information on the ER Note: 83**
- **Discharge Sheets given to the patient: 100**

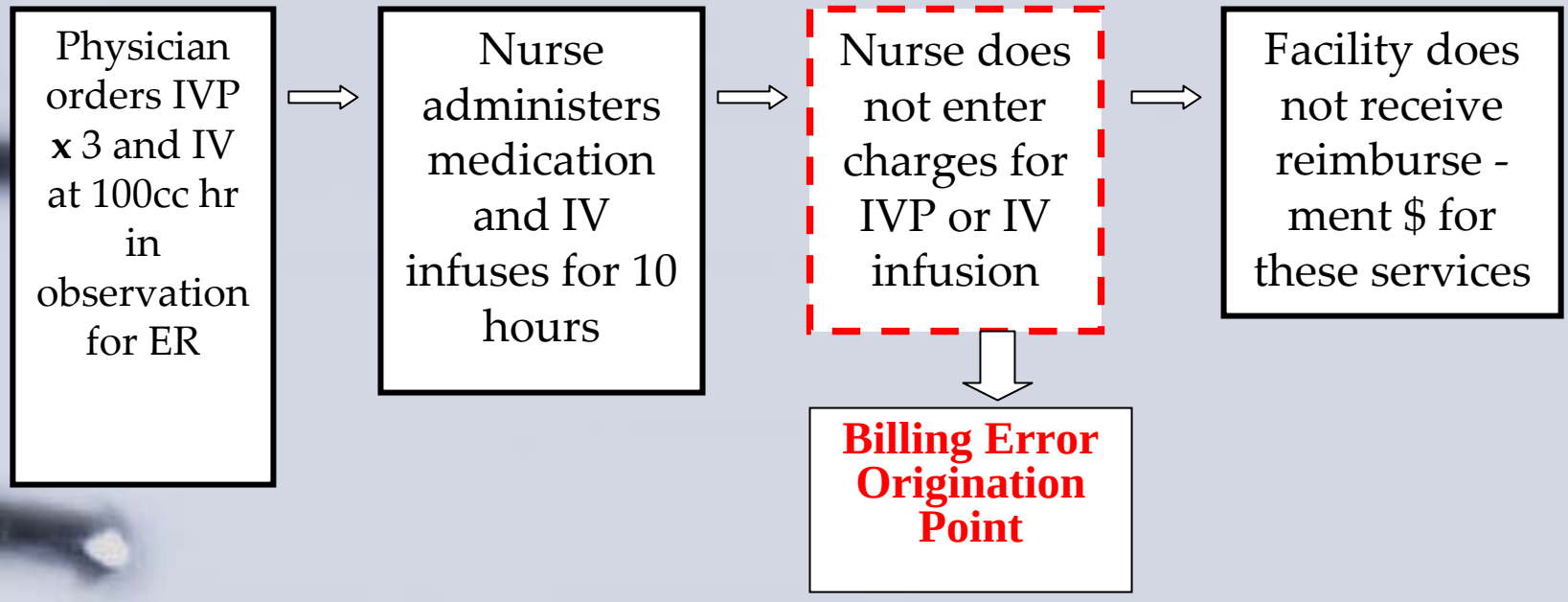
Example One

IV and Injection Billing Errors

1. **A significant number of errors are for billing for intravenous push medications (IVP), intravenous infusions (IV's) and intramuscular and subcutaneous injections (IM and sq)**
   - ✓ Performing a review from order to payment, identifies missed charges
     - ✓ **In most facilities nursing is given the task to input these charges, which usually does not work**
     - ✓ **There are no edits in the system to flag these missed charges and they would be difficult to build**
2. **Pitfalls to watch out for:**
   - ➢ IV infusion rate – Must be greater than keep vein open (KVO) to bill
     - ➢ **The infusion must be for therapeutic or for diagnostic purposes**
   - ➢ IVP medications that cannot be mixed and are given in separate syringes must be documented at different times in order to bill for two injections.
     - ➢ **If both are documented as given at the same time is difficult to justify two charges**

Workflow Analysis

Infusion and Injection Billing



Example Two
Medication Changes

- **There are 50 medications with active HCPCS codes in 2004 that are receiving pass-through reimbursement as of January 1, 2005**
  - **Most hospitals do not add active HCPCS medication codes when there is no associated reimbursement**
  - **For example**
    - J1492 – Intraocular Fomivirsen NA was not separately reimbursed in 2004
    - Starting January 1, 2005 national average reimbursement is $939.79 under APC 9040
- **Correct billing of units and charges is key to proper medication reimbursement**
  - **By having these active codes in the CDM the hospital receives pass-through payment whenever CMS makes a change and begins reimbursing a medication**
  - **CMS makes medication changes at least quarterly**
  - **By having all active HCPCS codes in the CDM allows the pharmacy CDM to work for you**

Example Three
Unlisted Codes

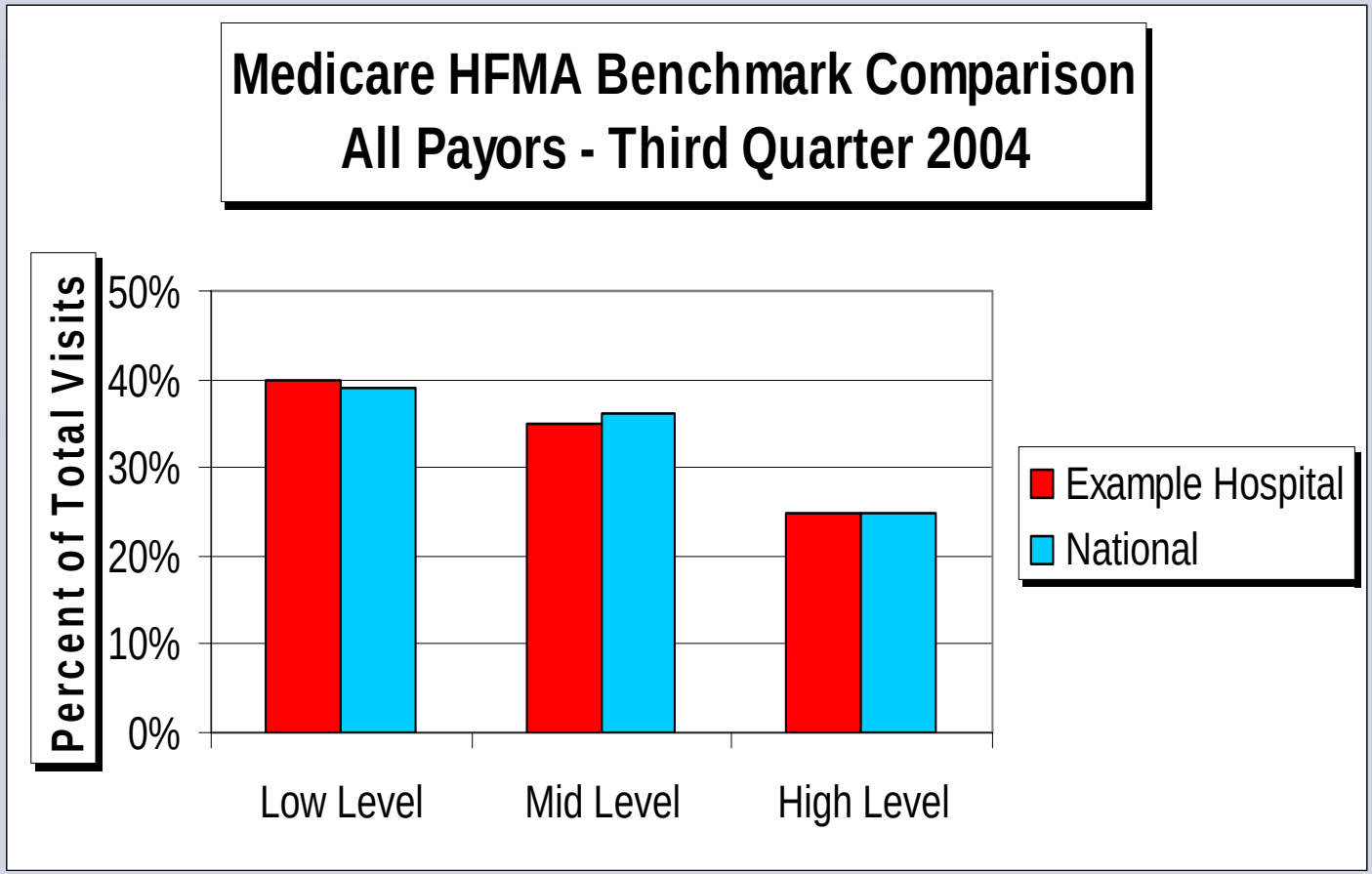
- **Unlisted HCPCS codes will be reassigned to the lowest level APC in the clinical grouping in which the unlisted code is located**
  - CMS believes this provides incentive to interested parties to secure a code through the AMA's CPT process
- **Examples of the cost of using unlisted codes**
  - CPT – 4 code 37799 was used by a hospital 22 times in 2004
  - Reimbursement for 37799 was $9.23
  - Correct code was 37785, or other codes paid under APC 0091
  - Reimbursement for APC 0091 was $1,573.14
  - **Total missed reimbursement $34,406.02**

Example Four

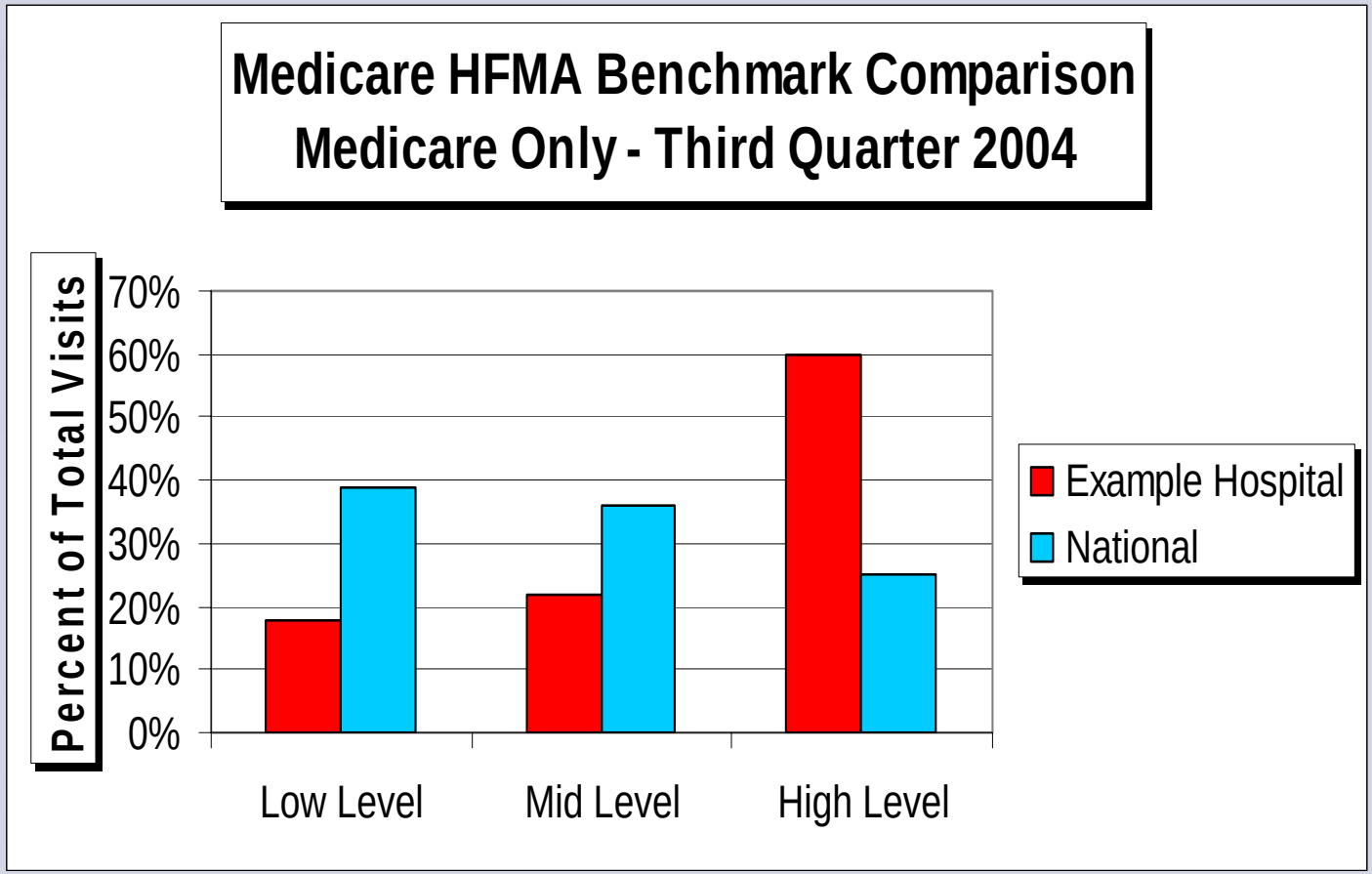
ER Levels

- Review your current tools to ensure there are no separately reimbursable procedures being used to determine the facility level
  - **For example:**
    - IVP
    - IM or subq injections
    - Assistance with procedure
    - Dressing application following a procedure
- Also look to see if you make all admissions or observation patients a specific level
  - **For example:**
    - Patient admitted – 99285
    - Patient place in observation – 99285
- You should compare your levels to a national bell curve

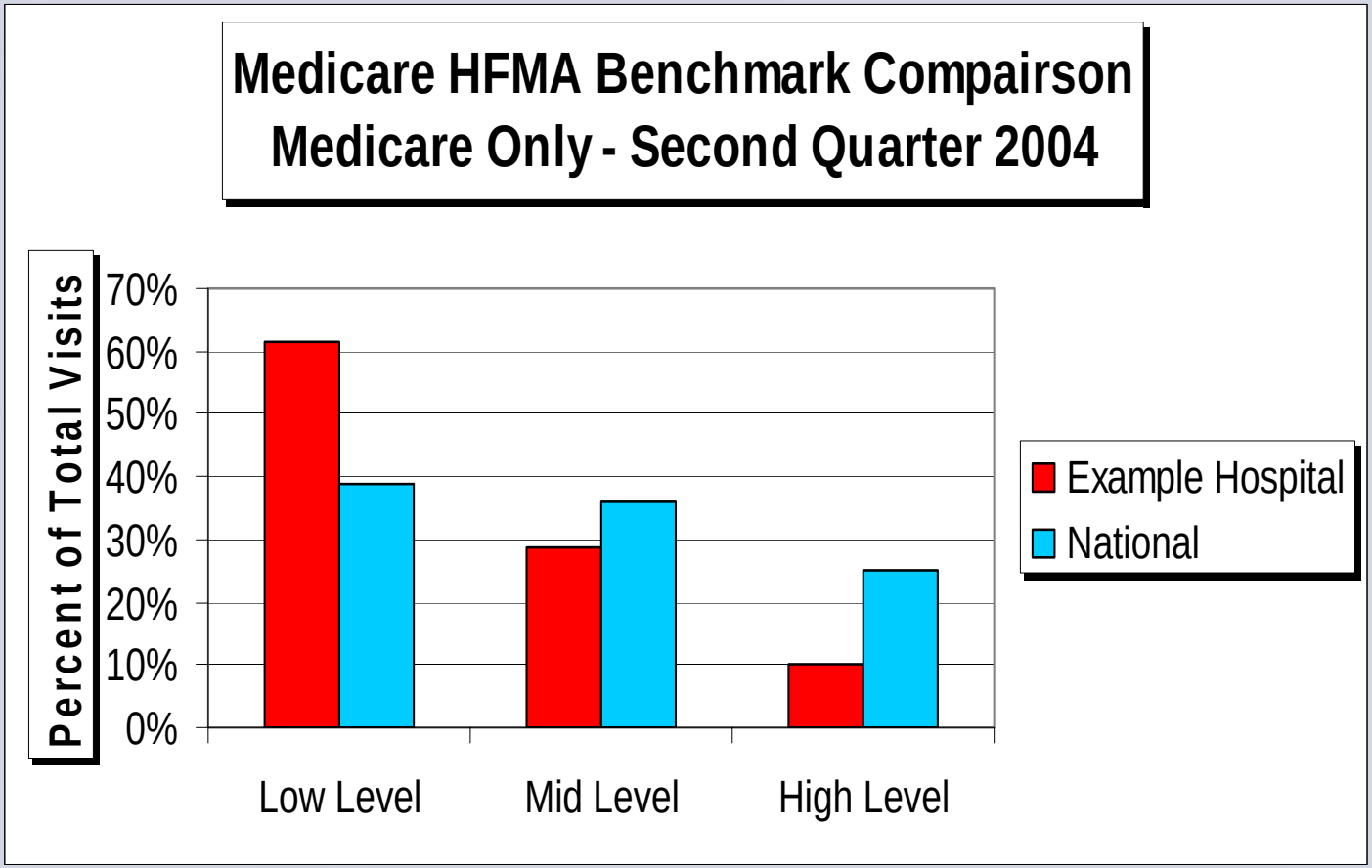
ER Levels Cont.



ER Levels Cont.



ER Levels Cont.



ER Levels Cont.

Medicare ER Levels	Example Hospital	National	Difference	Projected Financial Impact
Low Level	61%	39%	22%	($9,772,564)
Mid Level	29%	36%	-7%	$3,159,449
High Level	10%	25%	-15%	$24,138,020
Total				**$17,524,904**

When the Example Hospital levels are changed to match the National levels **there is an increase of $17,524,904** in reimbursement

APC Programs Conclusion/Summary

- **PPMCC offers your hospital several options to improve your APC performance**:
  - We also offer clients a phased approach that begins with a four quarter retrospective analysis/report to gauge your APC status.
  - We also can offer an integrated comprehensive turnkey process that covers the APC process from APC analysis to CDM/Pricing to APC recovery services (corrective APC coding/rebilling) of your APC claims as needed, based on client needs.
  - We can also provide ongoing quarterly concurrent monitoring process, which incorporates both CDM/Pricing updates as well as quarterly APC analysis reporting to help improve your net revenues, cash flows and compliancy going forward.
  - We support flexible fee structures by offering a range of pricing options from fixed fee to contingency options for our services.
- The OIG now has full access to audit Hospitals claims as of January 1, 2006 and the penalty for each claim error is $12,500 plus treble damages and there is currently an average error rate of 20% or more. Enforcement for 2007 is expected to increase substantially.
- We have the author of the APC system on our team (Dr. James Georgoulakis AKA Dr. Jim).
  - Dr. Jim has extensive experience with APC's with over 400 hospitals, more then 50 articles and a book on APC's, training of over 2000 hospital executives plus his ongoing work with CMS and OIG.