

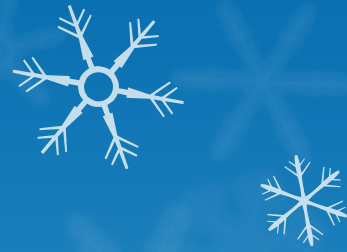
# Medical Necessity



Outpatient Auditing and Consulting Group

Why is Medical Necessity  
so important?

To keep the money  
you've been paid!



# Recoupment Audit Contractor's (RAC)!



## Medicare Fee-for-Service Recovery Audit Program August 2012

### Recovery Audit National Program

	<b>FY 2010</b> Oct 2009- Sept 2010	<b>FY 2011</b> Oct 2010- Sept 2011	<b>FY 2012 1st Qtr</b> Oct 2011- Dec 2011	<b>FY 2012 2nd Qtr</b> Jan 2012- Mar 2012	<b>FY 2012 3rd Qtr</b> Apr 2012- June 2012	<b>Total National Program</b>
<b>Overpayments Collected</b>	\$75.4M	\$797.4M	\$397.8M	\$588.4M	\$657.2M	\$2.5B
<b>Underpay- ments Returned</b>	\$16.9M	\$141.9M	\$24.9M	\$61.5M	\$44.1M	\$289.3M
<b>Total Corrections</b>	\$92.3M	\$939.3M	\$422.7M	\$649.9M	\$701.3M	\$2.8B



# Top RAC \$ for each region:

- Region A: Diversified Collection Services
  - **Medical Necessity!**
- Region B: CGI, Inc.
  - **Medical Necessity!**
- Region C: Connolly, Inc.
  - **Medical Necessity!**
- Region D: Health Data Insights
  - **Medical Necessity!**

# Documentation is *KEY* to hanging on to your \$\$!

- The medical record itself should read like a story telling about the patient and how you cared for that patient.
- A good medical record gives the reader, ***perhaps even years down the road***, an understanding of the thought process that went into the decision-making and ultimately the treatment of the patient.

# How about a diagnosis and order?

- 707.X related to Diabetes (Z80)
- Start HBOT 2.0 ATA x 30 treatments



# Indication (ICD-9 vs. Medical Necessity)



Documenting  
diagnosis (ICD-9)  
alone is not  
enough to reveal  
the big picture!

# You need to Connect the Dots!



- ▶ Review the facts—describe the patient's history in light of the specific coverage policy requirements.
- ▶ **Tell the story** (Connect the dots)
  - Detail how ***THIS PARTICULAR PATIENT*** meets the coverage indication by having failed 30 days of care **including** revascularization, infection control, nutrition control, off-loading, etc.





# Relate the diagnosis to the treatment and the treatment to the problem!

- Gather the evidence, and **MAKE THE CASE**
  - Support the ICD-9 code you provided with further documentation if necessary (e.g. MRI), exam findings.



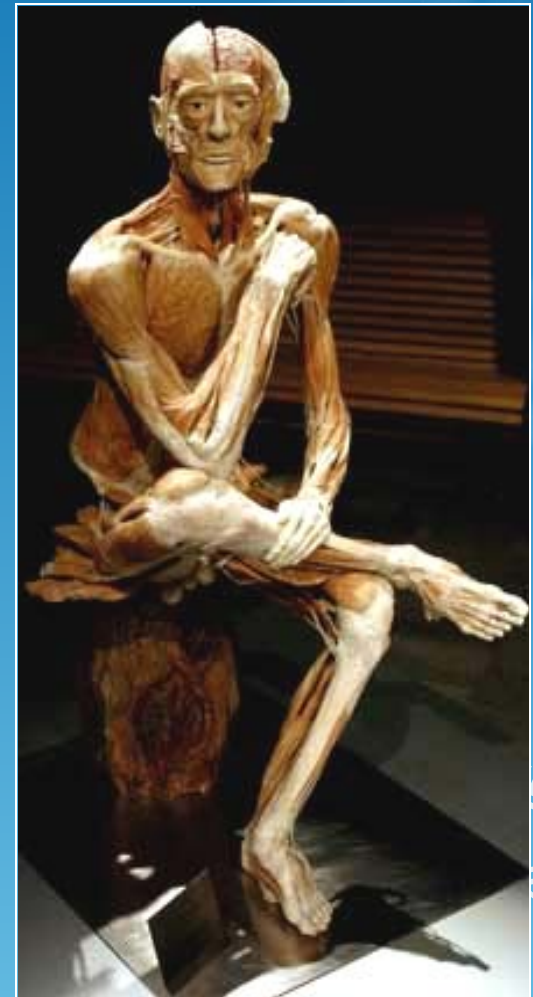
# *Quantity* of data in Medical Record is GROWING.

- In order to meet payer requirements for documentation requirements, no longer possible for clinicians to rely on memory alone.
- Tracking Utilization caps
- Advanced Beneficiary of Notice (ABN)



# Payer Utilization Guidelines

- ▶ Exceeding quantity limitations set forth by payer policies can lead to denials and/or recoupment as not “reasonable and necessary”.
- ▶ Recent **InRich** audit: Patient reviewed had been in service for 12 months with a mastectomy wound having received 39 muscle debridement's on the same wound!





## Local Coverage Determination (LCD) for Application of Bioengineered Skin Substitutes: Ulcers (of Lower Extremities) (L24273) Documentations Requirements

**The medical record must clearly show** that the criteria listed in Indications and Limitation of Coverage and/or Medical Necessity section have been met. The ulcer must be measured at the beginning of conservative treatment, following cessation of conservative treatment and at the beginning of the skin substitute treatment. Clearly, if during treatment the ulcer shows obvious signs of worsening or lack of treatment response, continuing skin substitute treatment would be considered questionable absent documentation of a reasonable rationale for doing so, and other treatment modalities must be considered.

Studies have documented that, for Q4106, survival of the dermal substitute decreases significantly when the twenty-four (24) steps noted in the FDA labeling are not followed.

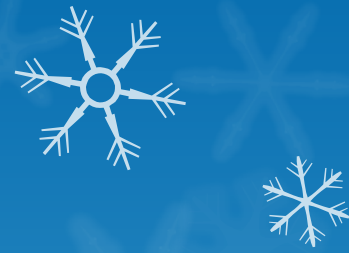
**The documentation must show** that these twenty-four (24) steps were followed.

NAS will cover a maximum of eight (8) applications of Q4106 for the treatment of any given lesion. In addition, **the medical record must clearly document** that conservative pre-treatment wound management has been tried and failed to induce healing. Also, when used for billing of Dermagraft®, **the record must document** that the **twenty-four (24) steps** involved in the correct use of this product, as described in the clinical trials leading to FDA approval and included in the manufacturer's "Directions for Use" as of the date of development of this LCD have been followed. The provider must take notice of these specific instructions for use. They will not be listed in this policy.

**The medical record must document** that wound treatment by this method is accompanied by appropriate wound dressing during the healing period and by appropriate compressive therapy for foot ulcer(s) and appropriate steps to off-load wound pressure during follow-up. Adequate patient compliance **must be clearly ascertained and documented** during such treatment.

# Be Proactive not Reactive!

- Self Audit regularly
- Initiate a compliance program customized to your service line.
- Involve physicians and staff
- Know your business better than any auditor!



In Conclusion:

“Don’t look where you fell, look  
where you slipped.”

African Proverb



Billing, coding, compliance  
questions?

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## Disclaimer

The analysis of any medical billing or coding question is dependent on numerous specific facts — including the factual situations present related to the patients, the practice, the professionals and the medical services and advice.

Additionally, laws and regulations and insurance and payer policies (as well as coding itself) are subject to change. The information that has been accurate previously can be particularly dependent on changes in time or circumstances. The information contained in this presentation is intended as general information only.