

Medicare update summer 2009:
Probability of audits increase

By Paula Hartman-Stein, Ph.D.

Intense scrutiny for billing and coding errors of Medicare claims begins this summer as the controversial Recovery Audit Contractor (RAC) program is in place.

According to an article in ModernHealthcare.com posted May 4, 2009, after piloting the RAC program in several states, the Center for Medicare and Medicaid (CMS) believes it will cut down on fraud and save the government money.

James Georgoulakis, Ph.D., the APA representative to the Relative Update Committee of the American Medical Association, said that the RAC automated reviews will begin across the in late June. "There is no question that the percentage of providers being audited will increase," he said.

"One of the major differences about the RAC audits is that the companies conducting the audits are directly incentivized to find errors," he said, "The more overpayments the RAC companies find, the more money they receive." Auditors are paid 9 percent to 12.45 percent of collectible overpayments.

According to an advisory released by the American Hospital Association (AHA) in April, if a RAC identifies an overpayment and that claim is then appealed by the provider, the RAC must return the fee it collected for the overpayment if the appeal's outcome is found in favor of the provider.

The AHA plans to initiate the first of an ongoing survey to track the financial impact of the RAC on individual hospitals across the country.

Georgoulakis said not only hospitals but all providers who receive payment from Medicare may be reviewed, but because of previous Office of Inspector General investigations, clinicians who work in nursing homes will receive a great deal of attention.

In a report released in 2007, CMS found that forty seven percent (47%) of mental health services claims did not meet program requirements, resulting in \$718 million in improper payments. Services that were miscoded accounted for 26% of the claims and 19% were undocumented.

In previous studies (1996 and 2001) the Office of Inspector General reviewed mental Health services in nursing homes and found that about one third were not medically necessary.

“Because it is in the best interest of the regional Medicare carriers not have the RACs find overpayment errors, I believe they too will increase their scrutiny of billing errors and documentation,” said Georgoulakis. Congress has authorized the look-back period to three years.

Psychology gains a vote on Medicare coding panel

Antonio Puente, Ph.D., (University of North Carolina/Wilmington), the APA representative to the ANA’s Clinical Procedural Terminology (CPT) committee for the past 14 years, was recently elected by a vote of its 128 advisory members to have a seat on the voting panel that makes decisions about clinical codes.

According to Puente, “This is a sign of how far psychology has come to be accepted as an important player in the American healthcare system.”

Along with his voting rights, Puente has been appointed Co-chair of the surgery workgroup. “My role is to help facilitate the parties to make decisions, to act as a mediator.”

Puente had to resign as the APA advisory representative after gaining the authority to vote. At the time of this writing, no one has been appointed to replace him.

Puente became a member of the CPT advisory panel in 1994, the first year that non-physicians were allowed to participate.

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