

MEDICARE COMPLIANCE

Weekly News and Analysis on New Enforcement Initiatives and Billing/Documentation Strategies

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Hospitals Face Medical-Necessity Denials Despite Getting Green Light From InterQual

Auditors for some Medicare Advantage plans are starting to deny inpatient claims even though the cases meet InterQual admission screening criteria. The same situation could unfold with recovery audit contractors (RACs) because CMS has said that meeting InterQual criteria doesn't guarantee the claim will be deemed medically necessary in the eyes of Medicare.

An InterQual or Milliman medical-necessity imprimatur is seen as a reliable predictor of Medicare claims approval, but if the sands shift, hospitals will have to redouble efforts to make sure physician documentation tells the story of severity of illness and intensity of services, experts say. It's not enough to state the existence of serious complications, for example; physicians must explain how the complications endanger the patient unless he or she is admitted to the hospital.

This turn of events with the auditors for Medicare Advantage plans is a twist on the problems experienced during the recovery audit contractor (RAC) demonstration, when hospitals appealed claims that were denied because they did not satisfy InterQual or Milliman. When that happens, hospitals can argue that admitting physicians had credible reasons for overriding screening criteria. This time around, "RAC-like" contractors hired by some Medicare Advantage plans (e.g., Humana) are doing the reverse: declaring inpatient admissions medically unnecessary despite the InterQual green light.

This development does not sit well with a compliance official at one hospital that just got its first denial from the Medicare Advantage plan's RAC-like auditor, which doubles as an actual RAC. "They don't care if it passed InterQual," says the compliance

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CMS Delays Edits That Block Payment for Services Ordered by MDs not in PECOS

CMS is delaying until Jan. 3, 2011, the implementation of edits that block payment for services ordered or referred by physicians and nonphysician practitioners who are not in CMS's Internet-based enrollment system.

At a Feb. 17 open-door forum on enrollment, Jim Bossenmeyer, director of CMS's Division of Provider and Supplier Enrollment in the Program Integrity Group, said Medicare Change Request 6417 (Transmittal 510) would be postponed.

"This is fabulous. I'm so glad," says Linda Sheaffer, director of patient financial services at WellSpan Health in York, Pa. "It's a claims processing nightmare for hospitals to have claims rejected because doctors are not on PECOS." Hospitals and practices have much more time to enroll physicians who order or refer to their entities.

However, physicians and eligible nonphysician practitioners will continue to get messages on their remittance advices reminding them to update their enrollment, which is central to CMS's program integrity efforts, Bossenmeyer says.

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If Change Request 6417 had taken effect in April as planned, services payable under Part B would not have been paid by Medicare if the ordering or referring physician were not in Medicare's Provider Enrollment, Chain and Ownership System (PECOS). Although PECOS, a national software system, has had some implementation glitches, it is designed to make enrollment uniform and more efficient. PECOS includes providers' names, unique identifiers like Social Security numbers, and relationships between providers (e.g., group practices or ownership).

CMS decided to delay the transmittal "in response to concerns expressed by the physician and supplier community," says Nashville attorney Claire Miley, with Bass, Berry & Sims. "Many people stated that the actions of their ordering physicians were beyond their control and they needed to reach out and make sure all these physicians were up to date in PECOS."

While the delay gives teaching hospitals a breather, it will still be a big blow when the implementation date arrives. Residents have a national provider identifier (NPI), but there is no reason for them to enroll in Medicare — and they shouldn't have to enroll just to order or refer services, says Ivy Baer, director and regulatory counsel for the Assn. of American Medical Colleges.

Residents do a lot of the ordering and referring in teaching hospitals. And with Transmittal 510, if residents don't enroll in PECOS, teaching hospitals can't get paid for their services, Baer says. "We started asking CMS to delay and fix this."

In response, CMS allowed the teaching physician's name to be substituted for the resident's because teaching physicians are enrolled in Medicare. But Baer says that's impractical, because "it's hard to operationalize this. It's hard to make sure the attending physician's NPI is in all the right places" and there is a disconnect between the paperwork and clinical sides. "I am certainly hoping that between now and the due date, they will think through the need for this and find a new solution," Baer says.

According to Change Request 6417, the only providers who can order or refer services are doctors of medicine and osteopathy, dentists and oral surgeons, certain nonphysician practitioners, clinical psychologists, clinical social workers, chiropractors, certified nurse midwives, podiatrists and optometrists. Services reimbursed under Part B are affected.

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CMS Issues Other Change Requests

CMS also delayed implementation of Change Request 6421 until Jan. 3, 2011, according to Jim Bossenmeyer, director of the Division of Provider and Supplier Enrollment in the Program Integrity Group. At that time, CMS is expected to go live with edits that will block payment for durable medical equipment, orthotics and prosthetics ordered by physicians who are not enrolled in the Internet-based Provider Enrollment, Chain and Ownership System (PECOS). Also, the policy on compliance standards for consignment closets (Change Request 6528) will be scrapped, and CMS in the next few months will decide whether to re-issue it, he said.

To view change requests, go to AIS's Government Resources at the Compliance Channel at www.AISHealth.com, and click on "CMS Program Transmittals/Change Requests.