



# 3M™ Validation and Appeal Services for Recovery Audit Contractors (RACs)

- Help hospitals identify areas of risk for RAC audits
- Validate RAC audit findings and assist with the appeals process
- Provide hospitals with prevention tools and activities and help develop a well-defined process for responding to record requests and appeals

## The background

The Recovery Audit Contractors (RACs) provide a higher level of scrutiny for hospitals, physicians, and suppliers who submit claims to Medicare. As the RACs are reviewing based on routine Medicare claims processing rules, 3M Consulting Services is well positioned to provide tools and services to assist our customers at this time. The current areas of greatest vulnerability are incorrectly coded data, medically unnecessary admissions and services, and documentation not sent to the RACs in a timely manner.

## The RAC program's mission

Contractors are supporting the Centers for Medicare and Medicaid Services (CMS) in completing these goals:

- Reduce improper Medicare payments through efficient detection and collection of overpayments
- Identify underpayments
- Implement actions that will prevent improper payments in the future

## Prepare now

The RAC program is permanent—the response must be as well. Both prevention and response need equal attention now.

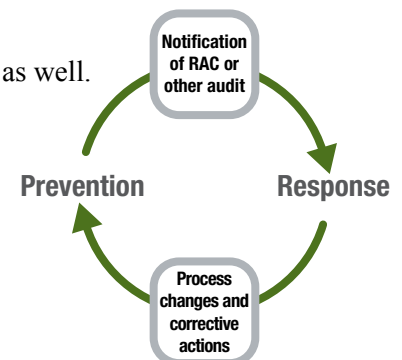
## The 3M approach

3M Health Information Systems is prepared to assist providers with the two areas where improper payments were most frequently found during FY2007:

- Medically unnecessary services
- Incorrect coding

## Tips on preparing for the RAC audits

1. Create a RAC team to address both oversight and tactical issues
2. Gain support from the top for your organization's RAC preparation
3. Have the tools to monitor coding and medical necessity prior to submitting the claim
4. Include physicians in the process and continue documentation improvement efforts
5. Develop a plan to address the release of records through the appeal process
6. Monitor the Office of Inspector General (OIG), Government Accounting Office (GAO), as well as the Hospital Payment Monitoring Program's PEPPER (Program for Evaluating Payment Patterns Electronic Report) and other reports to determine areas for potential review



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## Featured services

The following services were developed to meet industry needs to respond and prepare for RAC audits.

- **DRG Validation Services for RAC**—Include a review of a sample of 150 records. We review for DRG accuracy, medical necessity and discharge disposition.
- **APC Assessment Services for RAC**—Include a one-time data run of claims data from Oct. 1, 2007, to a current month-end service date cutoff using our proprietary claims edit trending tool. We confirm or suggest target areas for focused chart reviews and review for medical necessity, appropriate documentation, accurate CPT®/HCPCS coding and application of modifiers.
- **Professional Billings Assessment Services for RAC**—3M obtains E/M and CPT®/HCPCS utilization for practices covering service dates Oct. 1, 2007, to current date (up to 12 months). We then select focus areas for chart reviews by distribution patterns and other known compliance risk areas. We review for appropriate E/M selection based on documentation, appropriate CPT®/HCPCS coding for procedures, injections, labs, etc., as well as appropriate documentation for teaching physician requirements, as applicable.
- **Appeal Services for RAC**—A customer who has denials from the RAC auditor can request 3M to review the denied records and validate the RAC audit. If the record review reveals possible disagreements with the RAC audit, 3M can write the appeal and supply supporting documentation.

## Related programs

- **3M™ APC Oversight**—Assists your organization in grouping APCs, estimating costs and reimbursement, analyzing and reporting on outpatient claims data, and minimizing compliance risks. 3M consultants extract APC claims data from your billing system and assess critical areas in coding, charging, and billing that negatively impact reimbursement. 3M-defined reports graphically display areas for improving reimbursement, processes, and compliance under the outpatient prospective payment system.
- **3M™ DRG Assurance™ Program**—Supports an organization by improving documentation and coding to appropriately reflect patient acuity, resulting in accurate DRG assignment for CMS payment, accurate reflection of severity-of-illness and risk-of-mortality outcomes, and assistance in preparing for a severity-adjustment payment methodology.

## The 3M advantage

3M is ready to assist providers who are facing RAC audits. We can help hospitals reduce the risk of RAC audits with coding, compliance and medical necessity through our consulting services. Compliance checks remain a focus for providers as they prepare for the RAC audits.

Hospitals can best prepare for the RAC audits by taking a proactive approach and having a well-defined process for responding to record requests and appeals. Our services naturally align with these necessary prevention and response activities.

## Call today

For more information on how our solutions can assist your organization, contact your 3M sales representative, call us toll-free at **800-367-2447**, or visit us online at **[www.3Mhis.com](http://www.3Mhis.com)**.



### Health Information Systems

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