



Out of Context

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CONTEXT⁴
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"All 4 RAC Regions have added DME issues that they will be targeting under the automated review program roll-out."



RAC Focus: Durable Medical Equipment

By Emilia Burlasz

If Durable Medical Equipment (DME) providers thought that they will fly under the radar of the RACs, they assumed wrong. All 4 RAC Regions have added DME issues that they will be targeting under the automated review program roll-out. More DME issues will be added as automated reviews kick into full gear in 2010.

Current RAC issues range from bundling to equipment not eligible for separate payment. Most of these issues posted on the RACs websites can be found in the Local Coverage Determinations (LCD) policies and corresponding articles from Centers for Medicare & Medicaid Services (CMS). Although the information is available to providers, the problem is that this information is not used to build safe-guards against incorrect billing.

Most DME providers use custom billing systems that do not provide alerts or warning for bundling equipment, utilization, and not medically necessary equipment. DME providers who use claims management systems for vendors often find that their vendor is not prepared or knowledgeable enough in DME billing. For various reasons, these incorrect claims are paid by CMS to the provider.

The RACs will use their proprietary automated review software to check for these types of claims already paid to provider and recoup payments from providers.

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For DME providers to guard against revenue losses of payment recoupment, setting up a RAC Audit Plan is necessary. Providers should examine the following:

“Making sure a provider’s existing claims management system is adequate will be a key to minimizing RAC audit risks and prevent cash-flow losses.”

- Retrospective and ongoing internal Provider audits base on RAC target audit methodology
- Examine previous CERT audit issues and denial patterns
- Address incorrect billing, coding and medical necessity issues within the organization to reduce the likelihood of an audit
- Analyze existing billing system alerts and safeguards to prevent incorrect claims
- Assign an internal RAC audit team to deal with extra documentation requests and CMS review process resulting from RAC audits
- Focus on specific areas of risks addressed by RAC automated issues



The RAC initiative will be challenging for DME providers, especially once complex reviews requiring medical records are rolled out, but building a RAC Audit Plan will assist providers to be prepared. Making sure a provider’s existing claims management system is adequate will be a key to minimizing RAC audit risks and prevent cash-flow losses.

Context⁴ Healthcare DME Solutions

By Mark Earles

Context⁴ Healthcare Inc., (Context) offers several DME solutions, which include Local Coverage Determinations (LCD), DME fees for all states, data files consisting of HCPCS and ICD-9-CM codes, and DME RAC Audit solutions.

Context offers DME LCDs in a Software as a Service (SaaS) where a provider simply logs on and enters claim information and finds out instantly whether or not Medicare will cover the DME. Not only are DME providers able to quickly determine if the DME meets Medicare necessity but also provides utilization information based on the policy guidelines. This web-based resource is also easy to use as it requires no interface or integration with DME billing systems: after setup, users need only Internet access to take full advantage of the service.

The system also generates an Advanced Beneficiary Notice (ABN) for signature by Medicare patients informing the patient that specified items will not be covered by Medicare. Context's LCDs allow a DME provider to be compliant to CMS rules that prohibit providers from generating routine ABN notices for every Medicare patient. Providers are obligated to validate Medicare coverage to determine if there is a genuine reason to expect Medicare to deny payment for the services and only issue an ABN in those circumstances.

Context also provides DME Medicare fees for all states and data files consisting of HCPCS and ICD-9-CM codes allowing providers to easily keep up with ever-changing Medicare guidelines.

Context's ClaimsEditor[®] RAC Audit solution is an online tool that requires no hardware investment or additional integration with existing systems and allows DME providers to upload their claims in various electronic file formats. DME providers are able to quickly assess their pre-RAC audit risk and liability on claims already processed and paid by Medicare. Furthermore, this process helps DME providers reduce their risks and liabilities and keeps their claims processing activities moving forward.



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The ClaimsEditor[®] RAC Audit solution enables healthcare providers to:

- Use a secure online portal to correct claims being processed
- Totally eliminate hardware investments and additional systems integration costs
- Analyze and correct a variety of issues with a complete editing system
 - HCPCS/diagnosis relatedness
 - Code validity
 - Utilization errors
 - Billing oversights
 - Support documentation requirements such as CMS or DIF
 - DME Medical Necessity, and many more
- Create, customize, and write rule sets based on RAC audit findings with a flexible and comprehensive rule writer tool
- Make better assessments, manage claim generation, and improve the overall review process with a full set of standard management and financial reports (more than 20 reports)
- Continue ongoing internal audits based on their pre-RAC audit findings

As healthcare spending continues to increase dramatically each year, additional government regulations will be imposed. Strict reimbursement guidelines will grow exponentially more complex due to the Medicare safe-guard programs such as the RACs. Context's DME solutions have proven to be a valuable tool and an indispensable resource for DME providers struggling to stay compliant with rapidly changing rules and regulations.



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