

Evaluation & Management Claims

Dennis P.H. Mihale, MD, MBA
Founder and CMO
Parsees, Inc.



AGENDA

Overview of E&M Coding Problem

Fraud \$ Abuse vs. Unintentional Errors

Identify & Quantify Coding Errors

Workflow & Tools: Technology

Education

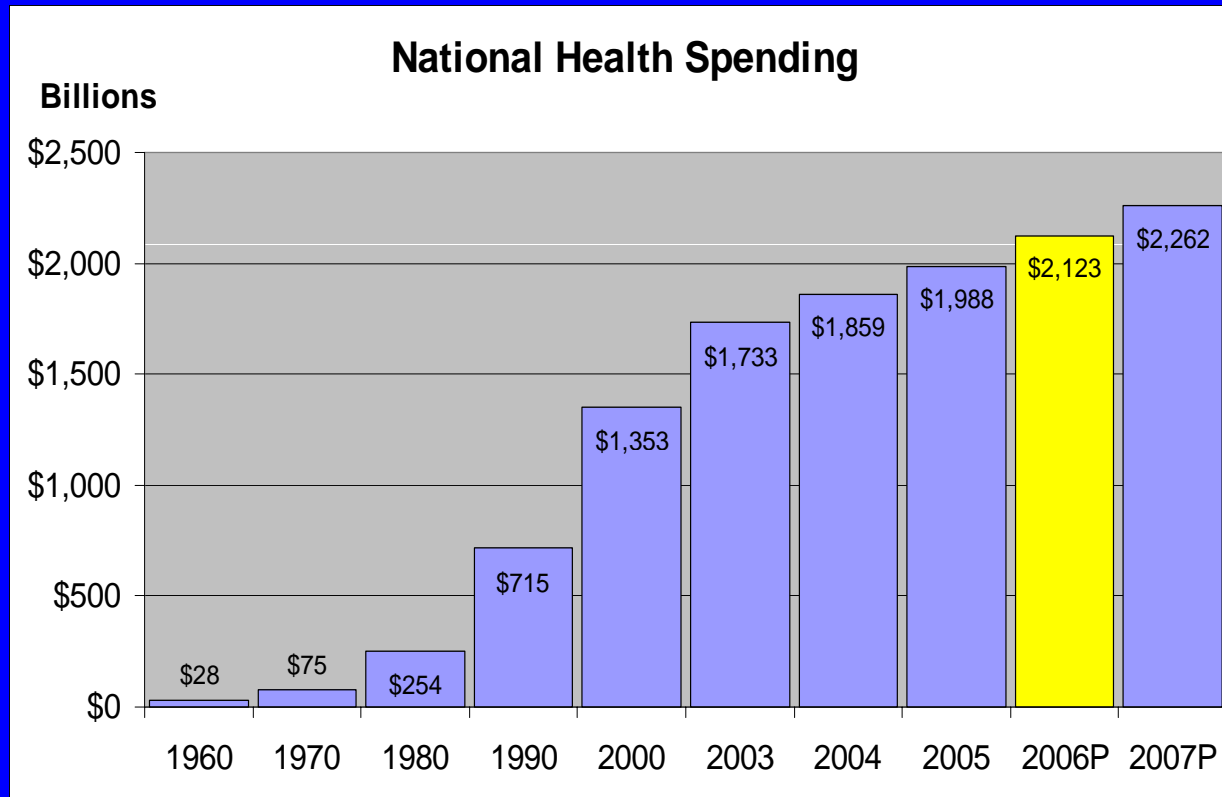
Reducing Physician Pushback

Types of Audits: Focused vs. Comprehensive

E&M Overpayments

- \$18 Billion vs. \$36 Billion
- Either Way: A Big Number
- Not If but How?

Healthcare Market Overview

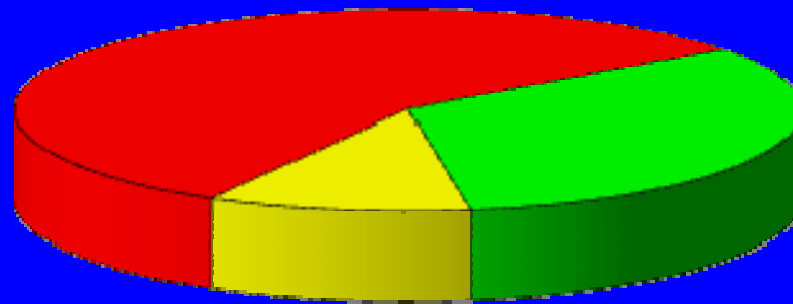


Data from CMS / Office of the Actuary.

Even a small piece of \$2 Trillion is a lot of money

Industry Overview

Physician Claims: \$467 Billion



**E&M
Overpayments:
\$36-60 Billion**

**E&M Claims:
\$180-200
Billion**

Overview of E&M Coding Problem

- E&M Overpayments
 - \$ Billions
 - Ubiquitous
 - Expensive to pursue
- Problem Getting Worse
 - Physician attitudes
 - Settlements
 - Electronic Health Records (FMA)

CMS Study: 2004

- 95% of level 5 consults wrong
- 75% of all consults in error
- \$1.1 billion in overpayments
- \$3.3 in total payments

E&M Non-Recovery Audits Work = Tangible ROI

Fraud, Abuse and Coding Errors

Fraud: Intentional

Services not provided

Intentionally up-coded

Abuse: Inappropriate Pattern

Rationalizing high coding

Aggressive: Pushing the Envelope

Use of Templates and Electronic Health Records

Not All Coding Errors are Fraud

- Is there a pattern of abuse?
- Is the issue confusing?
- Is this a common problem?

If the Issue Appears to be Fraud

- How do you prove it?
- What will stand up to scrutiny?

Identify & Quantify Coding Errors

- Most Organizations Know How Much
 - Many Organizations Know Who
 - The Challenge: How to Proceed
 - The Approach:
 - What Type of Problem: Fraud vs. Abuse
 - Reduce Pushback
 - Engage Stakeholders
 - Efficient, Scalable, Low Cost
 - High ROI = Deploy Technology
- Data Analysis
 - Filter & Validation
 - Audit Source Document
 - Apply Technology
 - Stay Unbiased

Audit Process





The Audit Process

**Acquire
Medical Records**



Archive



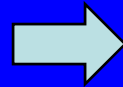
Image and Index



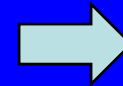
**Virtual Auditors
Review Record**



Audit Trail and Report



Education and Training

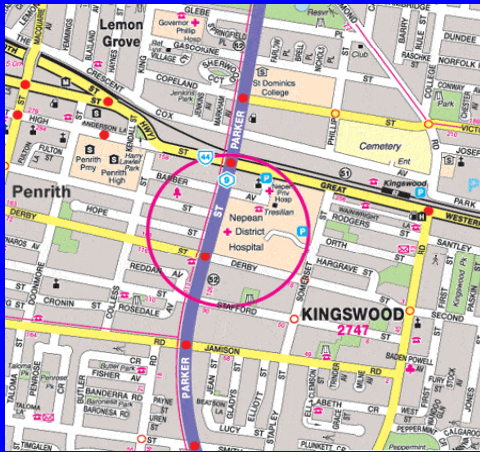


Track and Monitoring



Acquire Medical Record

Identify Physician



Generate Random Records



Create Letter
Include Record List



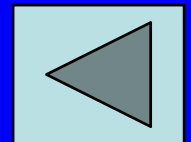
Mail Initial Letters



Fax Letters

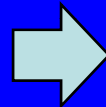


Contact Physician

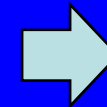


Archive Records

**Receive
Record By Mail**



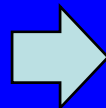
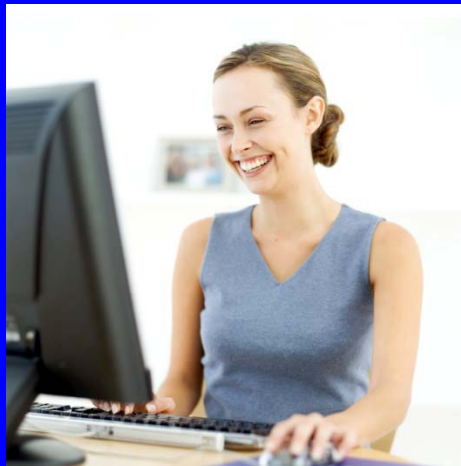
**Receive
Record By Fax**



**Receive
Record By E-Mail**



**Log into
Tracking System**



**Save Record
Into Audit System**

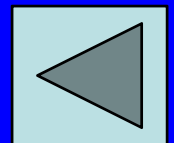
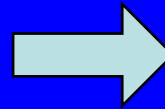


Image and Index

Convert Records



Identify Client, Physician, Member



Determine Claim

Sample STERLING Option 1[®]
 CMS-1500 Form P.O. Box 69314
 Harrisburg, PA 17106-9314

1500 HEALTH INSURANCE CLAIM FORM
 APPROVED BY NATIONAL UNIFORM CLAIM COMMITTEE 0005

1 MEDICARE MEDICAID MEDICARE PART B (Supp. to Part A) OTHER (For Program in Item 1)

2 PATIENT'S NAME (Last Name, First Name, Middle Initial)
 Smith, Bob A.

3 PATIENT'S BIRTH DATE
 12 18 36

4 PATIENT'S ADDRESS (Incl. Street)
 123 Paradise Road

5 PATIENT'S RELATIONSHIP TO INSURED
 Self

6 PATIENT'S CITY
 Seattle

7 PATIENT'S STATE
 WA

8 PATIENT'S ZIP CODE
 12345

9 OTHER INSURED'S NAME (Last Name, First Name, Middle Initial)

10 OTHER INSURED'S POLICY OR GROUP NUMBER

11 OTHER INSURED'S DATE OF BIRTH

12 OTHER INSURED'S NAME OR SCHOOL NAME

13 OTHER INSURED'S POLICY OR PROGRAM NAME

14 DATE OF SERVICE
 02/14/2008

15 NAME OF PROVIDER OR OTHER SOURCE
 K. Brown, MD

16 PROVIDER'S ADDRESS (Incl. Street)

17 PROVIDER'S CITY

18 PROVIDER'S STATE

19 PROVIDER'S ZIP CODE

20 CHARGE CODE

21 CHARGE DESCRIPTION

22 CHARGE QUANTITY

23 CHARGE RATE

24 CHARGE AMOUNT

25 CHARGE DEDUCTIBLE

26 CHARGE COINSURANCE

27 CHARGE OUT-OF-POCKET

28 CHARGE BALANCE

29 CHARGE PAID

30 CHARGE DUE

31 FEDERAL TAX ID NUMBER

32 PATIENT'S ACCOUNT NO.

33 ACCOUNT ASSIGNMENT NO.

34 ACCOUNT ASSIGNMENT DATE

35 ACCOUNT ASSIGNMENT TYPE

36 ACCOUNT ASSIGNMENT REASON

37 ACCOUNT ASSIGNMENT EFFECTIVE DATE

38 ACCOUNT ASSIGNMENT EXPIRES

39 ACCOUNT ASSIGNMENT STATUS

40 ACCOUNT ASSIGNMENT COMMENTS

41 ACCOUNT ASSIGNMENT NOTES

42 ACCOUNT ASSIGNMENT HISTORY

43 ACCOUNT ASSIGNMENT DETAILS

44 ACCOUNT ASSIGNMENT SUMMARY

45 ACCOUNT ASSIGNMENT REPORT

46 ACCOUNT ASSIGNMENT EXPORT

47 ACCOUNT ASSIGNMENT PRINT

48 ACCOUNT ASSIGNMENT DELETE

49 ACCOUNT ASSIGNMENT REFRESH

50 ACCOUNT ASSIGNMENT HELP

51 ACCOUNT ASSIGNMENT ABOUT

52 ACCOUNT ASSIGNMENT CONTACT

53 ACCOUNT ASSIGNMENT SUPPORT

54 ACCOUNT ASSIGNMENT FEEDBACK

55 ACCOUNT ASSIGNMENT HELP

56 ACCOUNT ASSIGNMENT ABOUT

57 ACCOUNT ASSIGNMENT CONTACT

58 ACCOUNT ASSIGNMENT SUPPORT

59 ACCOUNT ASSIGNMENT FEEDBACK

60 ACCOUNT ASSIGNMENT HELP

61 ACCOUNT ASSIGNMENT ABOUT

62 ACCOUNT ASSIGNMENT CONTACT

63 ACCOUNT ASSIGNMENT SUPPORT

64 ACCOUNT ASSIGNMENT FEEDBACK

65 ACCOUNT ASSIGNMENT HELP

66 ACCOUNT ASSIGNMENT ABOUT

67 ACCOUNT ASSIGNMENT CONTACT

68 ACCOUNT ASSIGNMENT SUPPORT

69 ACCOUNT ASSIGNMENT FEEDBACK

70 ACCOUNT ASSIGNMENT HELP

71 ACCOUNT ASSIGNMENT ABOUT

72 ACCOUNT ASSIGNMENT CONTACT

73 ACCOUNT ASSIGNMENT SUPPORT

74 ACCOUNT ASSIGNMENT FEEDBACK

75 ACCOUNT ASSIGNMENT HELP

76 ACCOUNT ASSIGNMENT ABOUT

77 ACCOUNT ASSIGNMENT CONTACT

78 ACCOUNT ASSIGNMENT SUPPORT

79 ACCOUNT ASSIGNMENT FEEDBACK

80 ACCOUNT ASSIGNMENT HELP

81 ACCOUNT ASSIGNMENT ABOUT

82 ACCOUNT ASSIGNMENT CONTACT

83 ACCOUNT ASSIGNMENT SUPPORT

84 ACCOUNT ASSIGNMENT FEEDBACK

85 ACCOUNT ASSIGNMENT HELP

86 ACCOUNT ASSIGNMENT ABOUT

87 ACCOUNT ASSIGNMENT CONTACT

88 ACCOUNT ASSIGNMENT SUPPORT

89 ACCOUNT ASSIGNMENT FEEDBACK

90 ACCOUNT ASSIGNMENT HELP

91 ACCOUNT ASSIGNMENT ABOUT

92 ACCOUNT ASSIGNMENT CONTACT

93 ACCOUNT ASSIGNMENT SUPPORT

94 ACCOUNT ASSIGNMENT FEEDBACK

95 ACCOUNT ASSIGNMENT HELP

96 ACCOUNT ASSIGNMENT ABOUT

97 ACCOUNT ASSIGNMENT CONTACT

98 ACCOUNT ASSIGNMENT SUPPORT

99 ACCOUNT ASSIGNMENT FEEDBACK

100 ACCOUNT ASSIGNMENT HELP



Link Claim

PARSER

PROVIDER: Gambino-4012208 SPECIALTY: OB/GYN

PATIENT: Cecilia Altman

DOS: 1/22/2002 REPORTED VISIT TYPE: Established Patient

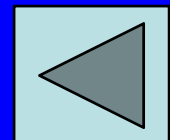
CLAIM ID: Demo.3 AUDITED VISIT TYPE: Select...

3 OF 10

SHOW CODE SUBMIT

WITH AUDIT TEXT WITH REVIEW

99 99499



Audit Record

Medical Record

Jun 17 2006 1:10PM HP LASERJET FAX p. 18

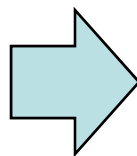
Exercise # 16

Emergency Department Record

Chief complaint/HPI: The patient is a 48-year-old white female who burned her left hand this morning at home on hot coffee. She is right-handed. Her last tetanus is greater than five years. She has no risk factors such as diabetes mellitus. The burn is painful. She can move the fingers. Complete review of systems is negative. She has had no prior history of major illness or hospitalizations, except for vaginal birth of her 15-year-old daughter.

Examination: Examination of the left hand shows that the palm and extensor surface of the hand are normal. The affected areas are the fingers. The thumb is somewhat spared, but the four fingers of the hand, especially the left middle finger and the left index finger, have involvement with the burn. None of the burned fingers have a complete, circumferential burn. The patient has full range of motion of the fingers of the hand and can bend, flex and extend the fingers. She has good capillary fill. Sensory is intact. Motor is intact. Pain on touch and movement. The area is mostly reddened and painful to the touch. Only a few small blisters. The body surface area involved is less than one percent.

ED course: While in the emergency department (ED), the patient got a tetanus toxoid. Silvadene was applied and then a dry sterile dressing applied to the fingers of the left hand. The



Auditing Tool

PARSES

PARSES AUDIT TOOL

PROVIDER: PROVIDER1- 10000 SPECIALTY:

PATIENT: Demo Patient11

DOS: 07/10/2006 REPORTED VISIT TYPE: New Patient

CLAIM ID: claim11 AUDITED VISIT TYPE: OFFNEW

PATIENT HISTORY PATIENT EXAM DECISION MAKING

CC: [document]

HPI: locat sever timng signs
qual durat contx modif 3 Dx

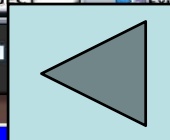
ROS: const resp skin psy
eye GI neu allrg
ENT GU endo
CV musclymp rest neg

PFSH: PMH family social

Add Comment

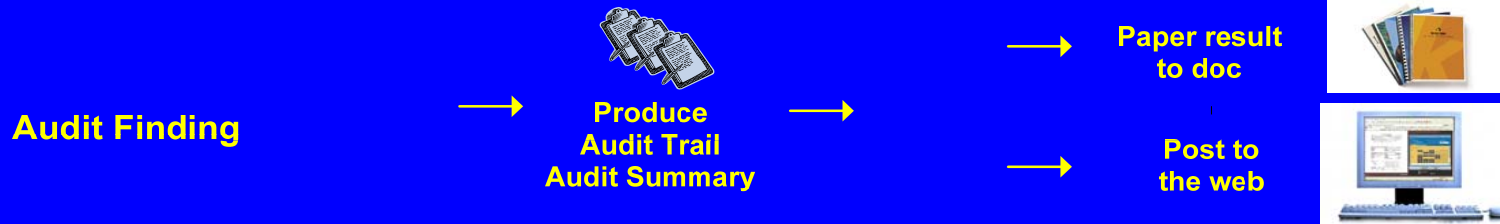
SHOW CODE SUBMIT REJECT

SHOW CODE WITH AUDIT TEXT 99



Education

Parses Education Workflow



Website



→ **Links to Videos : Flexible Scheduling, Own Pace**
→ **Links to References (95/97 DG's)**
→ **Links to Testing**
→ **Links to Education**



FDA Side by Side

Detailed Report



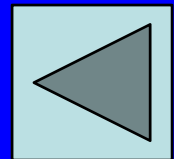
→ **Increased Acceptance**
→ **Physician Learns from his Records**

Webinar

1:1 or Group

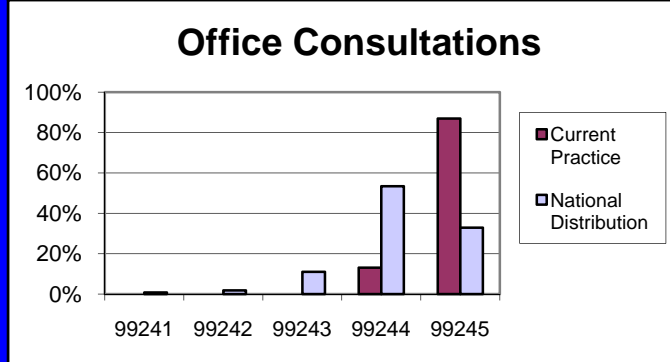
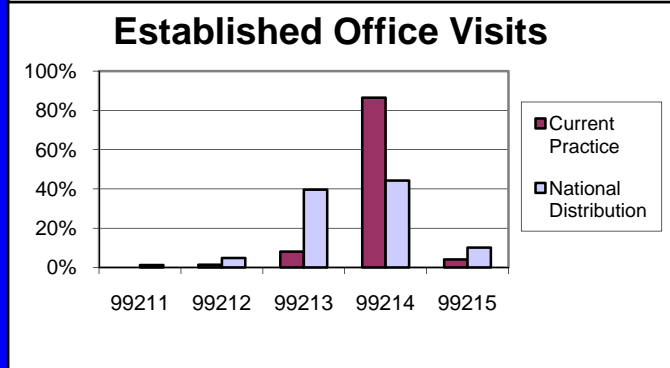
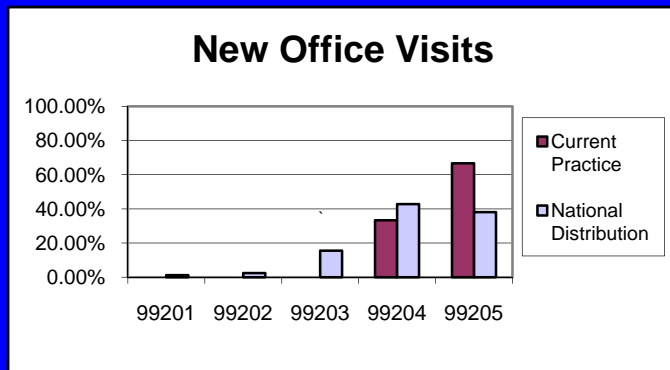


→ **Peer to Peer** → **Physician Perspective**
→ **Review Actual Physician Records** → **Immediate Feedback**
→ **Individualized Training** → **Focus on Specific Issues**



Track and Monitor Physician Improvement

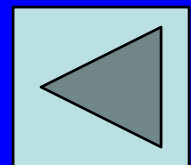
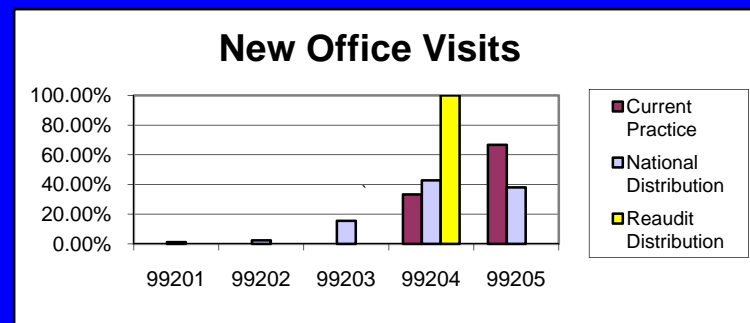
Develop Baseline Against Peers



Track Educating Courses and Website



Determine New Coding Pattern



Reducing Physician Pushback

- Communicate to all Stakeholders

- Blast Fax, Provider Newsletter
- Describe Program: Why provider chosen

- Leave attitude at home

- Do not assume fraud
- Anticipate additional information

- Provide Total Explanation/Results

- Show them the medical record
- Allow additional information

Most doctors want to get it right

- Give them the information
- Make it easy for them
- Give them a choice
- Be accessible
- Outlier does not equal Fraud

Most doctors are not experts at managing an audit

Reducing Physician Pushback

Physician Reaction

- Anger
- Threats
- Denial
- Uncertainty

Solution

- Education
- Non-judgmental attitude

Doctors Need Information

- What kind of audit
- What kind of claims
- What time period
- What are consequences

Types of Audits

- Focused
- Comprehensive
- Physician Specific
- Code Specific
- Prepayment
- Postpayment
- Education

The Audit Matches the Goal

- Why are we doing the audit?
- What is the objective?
 - Recovering Overpayments
 - Preventing Future Costs
 - Educating the Network

Sentinel Effect: Experience

- Real and Measurable
- Varies by Audit Type and Client
- Extremely Large for Specific Providers
- Reduction in Overpayments: Up to 80%
- Reduced E&M Payments: Selected Claims: 15 - 25%
- Reduced E&M Payments: All E&M Claims: up to 10%
- Observed at: National, Regional & Medicaid

Summary: Value to State and Health Plans

- Improve Value
 - Reduction in Current Spending
 - Decrease in Future Spending
- Improve Quality of Health Care
 - Improved Services
 - Improved Documentation
- Sentinel Effect: Reduce E&M and Non-E&M Costs
 - Reduce E&M Costs
 - Reduce Non-E&M Costs
- Educate Doctors: Coding and Monitoring

Thank you

Dennis P.H. Mihale, MD, MBA

CEO & CMO

Parses, Inc

(813) 936-1090 x 110

dmihale@parses.com

White papers and Case Studies