How to Develop Benchmarking Scorecards

Transitioning to Risk-Based Physician Auditing

What We Are Going To Cover

1. The Current Audit Landscape
2. Reactive vs. Proactive Auditing
3. What to Benchmark
4. Understanding Peer Group Data
5. How to Calculate the Metrics
6. Incorporating Risk Thresholds
7. Constructing Your Audit Plan
Current Audit Activity

- Government has refined their data analytics for “Smarter” Investigations and prosecutions
- More techniques are being developed to target “high-risk physicians” at the federal and state level (cooperation)
- Healthcare investigations are “bipartisan” and will continue no matter who controls congress
- State Medicaid programs are doing more auditing and monitoring (examples)
- 60-day repayment rules (explain) (can’t bury your head in the sand)
- Data transparency

<table>
<thead>
<tr>
<th>Type</th>
<th>Contractors</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare Administrative Contractors (MACs)</td>
<td>* National Government Services</td>
<td>* Process claims and provider payments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* Reduce payment error rates</td>
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<tr>
<td>Zone Program Integrity Contractors (ZPICs)</td>
<td>* Cahaba Safeguard Administrators</td>
<td>* Focus on identifying fraud</td>
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<td></td>
<td></td>
<td>* All providers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* Data mining and analysis</td>
</tr>
<tr>
<td>Supplemental Medical Review Contractor (SMRC)</td>
<td>* Strategic Health Solutions</td>
<td>* Nationwide claim review</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* All providers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* Data mining and analysis</td>
</tr>
<tr>
<td>Comprehensive Error Rate Testing Contractors (CERT)</td>
<td>* Multiple contractors</td>
<td>* Annual audits to determine FFS error rates</td>
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<tr>
<td></td>
<td></td>
<td>* All provider types</td>
</tr>
<tr>
<td>Recovery Audit Contractors (RACs)</td>
<td>* CGI Technologies (Medicare)</td>
<td>* Identify over and under payment errors</td>
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<tr>
<td></td>
<td>* HMS (Medicaid)</td>
<td></td>
</tr>
<tr>
<td>DHHS – Office of Inspector General (OIG)</td>
<td>* N/A</td>
<td>* Audits and investigations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* Annual Work Plan published</td>
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<tr>
<td>Department of Justice (DOJ)</td>
<td>* N/A</td>
<td>* Enforcement actions under the False Claims Act</td>
</tr>
<tr>
<td>Medicaid Inspector General</td>
<td>* IL Dept. of Healthcare and Family Services</td>
<td>* Aggressively using extrapolation for repayment liabilities</td>
</tr>
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</table>
Availability of Provider Data Online
Finding Outliers on the Internet

Live Example

A Typical Trend: Reactive Auditing

- The current reactive approach to auditing and monitoring
  - Just responding to audit requests
  - Conducting documentation reviews entirely in random
  - Benchmarking without a set action plan
- Reasons why this reactive approach is still being used
  - Data issues
  - Understanding benchmarking
  - Restricted FTE and tech resources
  - Fear of knowing
Becoming Proactive with Provider Benchmarking

- Develop benchmarking and data analytic capabilities that mirror methods being used by the OIG, DOJ, CMS etc.
- Focus your limited auditing and monitoring resources towards providers based on risk
- Reduce workload on the auditing team
- Provide transparency throughout the organization and increase the effectiveness of strategic planning
- Due diligence of new practices

Benchmarking Recipes

01 Basic Benchmarking Recipe
- E/M level coding peer comparisons
- Modifier usage

02 Advanced Benchmarking Recipe
- Top billed procedure analysis
- Medicare payments analysis
- Harvard RUC time study
• CMS Utilization Raw Data
  - Sub-Specialty Bias
  - Payer Mix Bias

• MGMA – Surveys and Benchmarking Data
  - Understand Volume of Data Included (Total / Specialty / Locality)

• CMS Utilization & Payments Data
  - Line Item Data Not Included on Services Performed on Small Number of Patients

Example of CMS Sub-Specialty Bias

• Understanding the make-up of the peer group data is critical when attempting to make determinations on the results
E/M Level Coding Peer Comparisons

**Modifier Usage**

Focus On

- 24
- 25
- 58
- 59
- 62
- 63
- 76
- 78
- 80
- AS
Top Billed Services Analysis

Understanding Medicare Payment Data

- CMS released a data file containing information on Medicare payments made to providers.
- Years Currently Available
  - 2012
  - 2013
  - 2014
  - 2015
- Key Benchmarking Analytics
  - Total Payments
  - Number of Patients
  - Payments Per Patient
Highly Productive Physicians

- Special care must be taken with “highly productive” physicians
  - *Example:* Physicians with annual wRVUs > 90th% of industry benchmarks
  - *Example:* Physicians that have billed a high number of hours based on Harvard RUC time study
  - Specialties such as cardiology, neurosurgery, orthopedics

- Evaluate need for additional audit procedures to evaluate
  - Medical appropriateness of services
  - Adherence to industry professional standards
Finding Outliers through using Risk Thresholds

- Creates a standardized approach to know when a provider is an outlier
- Streamlines the analysis process by filtering out the providers that are not a risk
- Scorecards can be created by combing multiple analysis thresholds together
### How Thresholds Help Prioritize

<table>
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<tr>
<th>Provider</th>
<th>Specialty</th>
<th>At Risk CPT</th>
<th>CPT Vol</th>
<th>CPT Util.</th>
<th>CPT Diff.</th>
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<tbody>
<tr>
<td>JULIA A MATTSON MD</td>
<td>Obstetrics &amp; Gynecology</td>
<td>99214</td>
<td>1330</td>
<td>98.59%</td>
<td>68.00%</td>
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<tr>
<td>XIANG LIU MD</td>
<td>Diagnostic Radiology</td>
<td>99213</td>
<td>1025</td>
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<td>54.00%</td>
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<td>REZA J DAUGHERTY MD</td>
<td>Diagnostic Radiology</td>
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<td>1792</td>
<td>74.14%</td>
<td>38.00%</td>
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<tr>
<td>MINCHUL FRANCIS SHIN MD</td>
<td>Diagnostic Radiology</td>
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<td>1991</td>
<td>70.06%</td>
<td>34.00%</td>
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<tr>
<td>TIMOTHY JAMES EDEN CRNP</td>
<td>Nurse Practitioner</td>
<td>99214</td>
<td>1213</td>
<td>67.02%</td>
<td>29.00%</td>
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<tr>
<td>LEONARD ROSENBAUM MD</td>
<td>Diagnostic Radiology</td>
<td>99214</td>
<td>568</td>
<td>64.91%</td>
<td>41.00%</td>
</tr>
<tr>
<td>SARA C GAVENONIS MD</td>
<td>Diagnostic Radiology</td>
<td>99213</td>
<td>1875</td>
<td>64.32%</td>
<td>28.00%</td>
</tr>
<tr>
<td>KRISTINA SIDDALL MD</td>
<td>Diagnostic Radiology</td>
<td>99213</td>
<td>2048</td>
<td>63.82%</td>
<td>28.00%</td>
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<tr>
<td>RALPH P IERARDI MD</td>
<td>Vascular Surgery</td>
<td>99215</td>
<td>48</td>
<td>32.65%</td>
<td>30.00%</td>
</tr>
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</table>

### How Benchmarking & Thresholds Work Together

<table>
<thead>
<tr>
<th>Category</th>
<th>Cpt</th>
<th>Description</th>
<th>Applicable Util.</th>
<th>Gross $</th>
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<tbody>
<tr>
<td>&gt; 5K Hours</td>
<td></td>
<td></td>
<td>0.00%</td>
<td>$0.00</td>
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<tr>
<td>New Office</td>
<td>99204</td>
<td>OFFICE/OUTPATIENT VISIT NEW</td>
<td>100.00%</td>
<td>$15,616.22</td>
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<tr>
<td>Est Office</td>
<td>99214</td>
<td>OFFICE/OUTPATIENT VISIT EST</td>
<td>98.59%</td>
<td>$143,812.90</td>
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<tr>
<td>Init Hospital</td>
<td>99223</td>
<td>INITIAL HOSPITAL CARE</td>
<td>93.73%</td>
<td>$51,927.76</td>
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<tr>
<td>Subs Hospital</td>
<td>99231</td>
<td>SUBSEQUENT HOSPITAL CARE</td>
<td>50.43%</td>
<td>$9,299.16</td>
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<tr>
<td>New_Est Consults</td>
<td>99244</td>
<td>OFFICE CONSULTATION</td>
<td>90.67%</td>
<td>$12,563.00</td>
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<tr>
<td>Excessive Billing</td>
<td>93351</td>
<td>STRESS TTE COMPLETE</td>
<td>2.26%</td>
<td>$63,544.80</td>
</tr>
</tbody>
</table>
Constructing a Provider Benchmarking Scorecard

View Excel Example

Creating an Audit Plan

• Understanding the Goal of the Audit
  - Yearly Compliance Coding Review
  - Due Diligence Project
  - Highly Compensated Providers
  - Outside Sources

• Build Prioritization Methodology
  1. What is the goal of the audit?
  2. What is your resource capacity?
  3. How do we operationally conduct audits?
     1. By Facility?
     2. Are auditors assigned specific groups of providers?
Actual Audit Plan Examples Utilized by Health Systems

View Excel Example

Using Benchmarking for Acquisitions – Due Diligence

- Benchmarking of data is key initial step in due diligence for physician employment or acquisitions
  - Identify potential risks prior to closing
    1. Go or No Go
  - Identify compliance issues
  - Identify opportunities for integration
    1. Education
    2. Coding and Billing Hold
Audit Odds & Ends

- Sampling process/consideration:
  - Retrospective claims (prior 3 months)
  - Non-statistical sampling e.g. judgment sampling
  - Population is stratified (stratums) based on benchmarking
  - Sample size – small samples based on risk
  - Extrapolation – NONE
    1. Since the sample size was controlled by the auditor it cannot be measured

- Analysis of Sample
  - Provider documentation in comparison to CPT codes
  - Accuracy of diagnoses
  - Accuracy of place of service codes
  - Functionality an use of the EMR system

Please reach out if you have questions or need help starting risk assessment benchmarking and building a proactive audit plans.

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