medidal
■ medical data logistics

UNDERPAYMENT RECOVERY

CASE STUDIES IN EFFICACY

TRANSFER DRG
An Intermittent Review

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OVERVIEW

Medicare underpayments occur when a patient is discharged as a "transfer," but there is no post-acute care (PAC) billing. This often happens when a patient decides to forego the recommended PAC after discharge. Accurate transfer coding at the time of discharge is difficult, if not impossible, as it requires that the discharge staff know what the patient will do in the future--not merely what the patient is advised- or intends to do.

Unless a specific underpayment audit is conducted for these cases, the revenue loss will persist and continue to grow.

This paper studies one facility that had previously performed a third-party underpayment audit using a different service but had let the service lapse. We examine the recourse pursued by the hospital and the net benefits resulting from their decision.

THE CLIENT

The client is a standalone, 204-bed acute care facility servicing the greater Los Angeles metropolitan area and providing emergency care, in- and outpatient services, and catering to various specialty areas as well. The Medicare Discharges at this hospital are approximately 3600 annually, between 2010-2013.

SITUATIONAL ANALYSIS

The hospital, already familiar with the benefits gained through a third-party Transfer DRG underpayment audit, sought to contract with a new vendor to conduct a retrospective review: both to re-establish a regular review schedule, and to verify the accuracy and depth of the previous vendor's findings.

More than two years had passed since the last adjustments from the previous vendor; under Transfer DRG rules, retrospective underpayment adjustments can be made only four years prior, and only with good cause. This meant that 2.5 years would be a first-time underpayment audit by a new vendor, but 1.5 years would constitute a "second look" review.

SOLUTION

The hospital selected Medidal Corporation, an established healthcare technology services company with a track record of success in claims automation. The Transfer Recovery System™ is the proprietary "intelligent" software Medidal developed to conduct their underpayment reviews quickly & accurately--and importantly, Medidal has always discovered viable underpayment claims that other vendors' solutions missed.

Additionally, Medidal provides end-to-end process management, ensuring that the cost benefits gained through outsourcing would not be reduced due to the use of in-house resources (the "self-service" or "partial self-service" model). The risk of claims falling outside the four-year adjustment window also increases if the workflow requires external teams to rely on internal employees, who have other responsibilities to fulfill, to complete the process.

RESULTS

Medidal conducted a comprehensive review of 100% of the facility's Medicare claims between 2010 and 2013.

For the "second look" review period spanning the 1.5 years during which the previous vendor had conducted an audit, Medidal discovered nearly $340,000 in additional underpayment claims. For the "first look" years under review, Medial found another $915,000 in underpayments for the hospital.

The total underpayments discovered exceeded $1.2mil, and represent an ROI of 80%.

ABOUT MEDIDAL

Medidal Corporation is a healthcare technology services company that offers revenue cycle solutions existing healthcare systems were not designed to accommodate. Over the past 10 years, their "intelligent" software algorithms and compliance & insurance expertise have resulted in an innovative suite of product offerings that are best in class.

Medidal has electronic transaction capabilities for Medicare and Medicaid in all 50 states and the District of Columbia. The engineering team practices agile development methodologies, which coupled with rigorous industry & standards monitoring, ensures their Transfer Recovery and Eligibility products remain on the cutting edge of technological innovation and automated revenue cycle solutions.