

NDHCRI's Hospital Payment Monitoring Project Yields Positive Results

As a requirement of the Quality Improvement Organization (QIO) 8th SOW, NDHCRI recently completed a special Hospital Payment Monitoring Program Project with North Dakota's Prospective Payment System (PPS) hospitals. The project was designed to reduce the Medicare payment error rate in North Dakota hospitals. Although North Dakota has a comparatively low overall payment error rate, analysis conducted in 2005 demonstrated that 64 percent of all Medicare payment denials that did occur were attributed to inpatient admissions with a length of stay of three days or less. Analysis further revealed that the majority of these denials were the result of an inappropriate level of care (LOC) assignment.

In the fall of 2006, NDHCRI's case review staff began doing full case review on a sample of medical records meeting the ≤ 3 -day LOS inclusion criteria. These records reflected Medicare discharges that occurred in January and February 2006. This baseline sampling of records resulted in a 17.4 percent denial rate. The goal of the project was to work with participating hospitals to achieve a relative reduction in the denial rate of at least 25 percent.

Following the collection and analysis of the baseline record sample, NDHCRI staff provided education and technical assistance to physicians and hospital personnel to help them put processes in place to support correct LOC assignment, including processes for appropriate use of condition code 44.

HPMP project impact was evaluated through a sample of eligible Medicare discharges occurring in April and May 2007. Analysis shows that as a result of this project the overall denial rate for these short stay admissions has been improved from 17.4 percent at baseline to 7.5 percent, a relative improvement of 56.9 percent. Using methodology developed by CMS, the extrapolated impact of this project is an annual savings to the Medicare Trust Fund of \$4,326,323.00.

If you have questions or would like more information about this HPMP project, please contact Julie Thrailkill, RHIT, Director of Review, at 701-852-4231 or via e-mail at jthrailkill@ndqio.sdps.org.