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Updating Your Chargemaster – Expose Your Hidden Revenue

10th Annual Michigan Critical Access Hospital Conference
3:30 – 4:30 PM

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Agenda

- Chargemaster - Concept Review
- How a Hospital's Chargemaster Affects its Revenue Cycle
- Efficient Chargemaster Management
- Examples of Low-Hanging Fruit
- CMS Approved RAC Audit Issues
- Open Forum

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Chargemaster Concept Review

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Chargemaster Concept Review

- The chargemaster department provides hospital billing departments with essential billing and coding guidelines such as:
  - HCPCS or CPT coding of services
  - Revenue code suggestions
  - Modifiers
  - Medicare compliance issues
  - Payment guidelines
  - Claim submission procedures

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Chargemaster Concept Review

What Is a "Chargemaster"?

- A hospital-specific computer file that includes all procedures, services, supplies, and drugs provided by the organization.
  - Billable services
  - Services to be tracked
- Most hospital chargemasters include many thousands of line items and their information varies widely.

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Chargemaster Concept Review

- The Charge Description Master (CDM) stores all CPT, HCPCS, revenue codes, and tracking items that allow charge capture to be done effectively and efficiently.
- Code definitions:
  - CPT codes identify services.
  - HCPCS codes identify goods and supplies.
  - Revenue codes identify the place of service.

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Chargemaster Concept Review

- The Health Information Management (HIM) department (e.g., coders) typically codes major surgery (CPT 10000-69999), but the chargemaster has to be set up appropriately for this to be effective.

CDM Number	Billing Description	G/L Key	CPT	R.C.
43000108	I&D SUBCUT ABSC SIMP	630	10060	450
43000207	I&D SUBCUT ABSC COMP	630	10061	450
43000306	I&D PILONIDAL ABSC	630	10080	450
70210034	MAJOR SURG LEVEL 1 1ST HR	702	-	360
70220033	MAJOR SURG LEVEL 1 EA ADDL 15 MIN	702	-	360
70230032	MAJOR SURG LEVEL II 1ST HR	702	-	360
70240031	MAJOR SURG LEVEL II EA ADDL 15 MIN	702	-	360
70250030	MAJOR SURG LEVEL III 1ST HR	702	-	360
70260039	MAJOR SURG LEVEL III EA ADDL 15 MIN	702	-	360

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Chargemaster Concept Review

- How a hospital uses its chargemaster varies:
  - **Hard coding** (Coded from the chargemaster)

    versus

  - **Soft coding** (Coder is flagged that a surgery occurred from the chargemaster ("OR Level 2," for example); then the coder identifies the actual CPT codes for the surgery)
  - **Order entry** (Radiology)

Chargemaster Concept Review

Sample:

Dept Name	Charge #	Description	Rev Code	Dept #	Charge	HCPCS/ CPT Code	Charges	Freq	Comments
ER	3230200	EMERGENCY RM - LEVEL 1	0450	323	$ 105	99281	$ 15,750	150	Distribution of levels is unusual
ER	3230210	EMERGENCY RM - LEVEL 2	0450	323	$ 165	99282	$ 38,280	232	
ER	3230220	EMERGENCY RM - LEVEL 3	0450	323	$ 245	99283	$ 24,500	100	
ER	3230230	EMERGENCY RM - LEVEL 4	0450	323	$ 365	99284	$ 6,570	18	
ER	3230240	EMERGENCY RM - LEVEL 5	0450	323	$ 550	99285	$ 1,100	2	
ER	3237197	TRMT RM - I & R FB SIMPLE	450	323	$ 500	10120	$ 2,500	5	Freq should be 1:1
ER-Prof	4250120	I & REM FB SIMPLE	0981	425	$ 518	10120	$ 7,770	15	
ER	3239081	TRMT RM - PARACENTESIS	0761	323	$ 500	49081	$ 12,500	25	Freq should be 1:1
ER-Prof	3239081	PARACENTESIS	0761	125	$ 250	49081	$ -	0	
FP Clinic	5052300	INJ/NUBAIN	0521	505	$ 8	J2300	$ 520	65	(No corresponding "administration" line)
FP Clinic	5052788	INJ/RHOGAM	0521	505	$ -	J2788	$ -	82	No fee yet volume; which code is right?
FP Clinic	5052790	RHOGAM	0521	505	$ 137	J2790	$ 4,932	36	
GenSurg-Prof	3249999	UNLISTED PROC ABDOMEN	0975	324	$ 300	49999	300.0	1	Fee should not exist for "unlisted code"
Lab	4010720	PTT	0305	401	$ 47	85730	0.0	139	
Lab	4010721	PTT	0301	401	$ 10		0.0	0	Should inactivate this line so it's not inadvertently used (low fee, no code)
MRI	4140250	MRI IV START	0271	414	$ 120		840.0	7	Not separately billable
MRI	4143060	MRI-T-SPINE W CONTRAST	0612	414	$ 982	72147	0.0	0	Where is contrast (1:1) line?

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Chargemaster Concept Review

- Issues found departmentally in CDM reviews:
  - Respiratory Therapy
    - Same CPT set up for components, leading to duplicate billing of code
    - Incorrect description for CPT codes
  - Nutrition Therapy
    - Free services provided – CPT for counseling of Nutrition & Diabetic education not set up
    - Revenue & Compliance issues
  - Med Surgery
    - Nursing procedures not set up

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Chargemaster Concept Review

- Observation
  - Not set up and/or charged incorrectly
  - ER, L&D
  - Physician writing orders to “Admit to Observation Services” or Admit to IP
  - Confusion between Observation & Recovery on part of nurses
- Radiology
  - Has modifiers “hard-coded” into chargemaster?
  - LT, RT & 50 required for some codes
  - No crosswalk of procedure to radiology code 1:1

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Chargemaster Concept Review

- Pharmacy:
  - Software formula for dispense to dosage set up?
- Labor & Delivery:
  - E/M codes no set up to be charged in cases where there isn't a procedure performed
  - Observation isn't set up
  - Injection and infusion codes aren't set up

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Chargemaster Concept Review

- ER
  - Procedure levels aren't set up to capture procedures performed (in addition to ER levels)
  - Injection & infusions codes not set up
  - Venipuncture missing
- Lab
  - Cultures sent out – don't wait more than 5 days to release bill (code signs and symptoms)

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The Relationship - Chargemaster and Revenue Cycle

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Definition of Revenue Cycle

- Hospital Revenue Cycle: The entire journey of a patient encounter from pre-registration through account resolution.
- Revenue Cycle Management: Monitoring, assessing, and improving the processes involved in moving a patient through the facility and ensuring proper and expedient payment.

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Definition of Revenue Cycle

Key Components of the Revenue Cycle:

- Scheduling/Pre-registration
- Admissions
- Insurance Verification
- Charge Capture
- Coding and Billing
- Follow-up/Collections
- Payment Posting
- Collections

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The Relationship - Chargemaster and Revenue Cycle

- The chargemaster is a vital element in the revenue cycle, payment cycle, and billing and claims filing in general.
- The accuracy and completeness of the chargemaster influences revenue generation and compliance.
- The chargemaster is ONE component of charge capture.
- Charge capture is ONE component of the revenue cycle.

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Revenue Cycle - Front End

- Admissions
- Place of Service (IP, OP, ER, SDS)
- Health Information Management (Coding)
- Ancillary Departments (Lab, Pharmacy, Radiology)

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Front-End Issues

- Accuracy of patient demographics and insurance coverage
- Correct choice of bill code on charge ticket by clerk
- Timeliness of charge capture
- Correct charges set up in chargemaster

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Revenue Cycle - Back End

- Finance
- Compliance
- Information Services (IS)
- Billing (Patient Financial Service)

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Back-End Issues

- Payor underpayment per insurance contract
- Claim denials
- Lack of denials management to offer possible claim adjudication
- Number and reason for rejected claims
- Coding days not final billed (DNFB)
- Backlog of billing process
- Internal “scrubbing” edit failures resulting in late billing

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Relationship - Chargemaster and Revenue Cycle

- Triggers that suggest the Revenue Cycle “parts” (HIM, billing, clinical department managers) are “disconnected” from the chargemaster:
  - Frequent manual changing of codes
  - HIM coders overloaded
  - Denials due to incorrect/incomplete codes
  - Denials due to lack of medical necessity
  - Accuracy of patient demographics and insurance coverage
  - Correct choice of bill code on charge ticket by clerk
  - Timeliness of charge capture

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Assumptions to Avoid

- Charges are not being written off.
- Departments and chargemaster are aware of denials that may require their input.
- Claims are not being denied.
- Internal system edits are not changing the billing codes.
- Items entered on the “front end” match charges on final bill to insurance carriers.
- Charge tickets match department charges in system (chargemaster).

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Additional Issues

- Hospitals lose approximately 13% in revenue due to:
  - Billing errors
  - Underpayments
  - Uncollected self-pay debts
  - Back-end staff spends 80% of time reworking “unclean” claims

(Per “Assessment & Process Improvement” article by Besler Consulting)

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Additional Issues

- Insufficient workflows and processes
- Increase in out-of-pocket cost to patient
- Increase in facility operation costs

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Lack of Knowledge

- Lack of knowledge on how departments affect each other, which results in:
  - Missing charges
  - Supplies not coded
  - Duplication of charging
  - Incorrect claim
  - Possibility of an unpleasant patient encounter
  - Denials due to incorrect/incomplete codes
  - Denials due to lack of medical necessity

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Efficient Chargemaster Management

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Chargemaster Management

- Your chargemaster might be accurate, but is it complete?
  - You might be missing out on billable services and items:
    - New and updated codes (effective January 1 of each year from CMS)
    - Secondary codes (examples to follow)
    - Large dollar supplies or devices that can be billed separately

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Chargemaster Management

- Ensure every employee understands they affect the charge capture process and the detail of what happens to their charge as it goes through the billing system.
- Teach employees that accurate charging is a part of everyone's job, whether they are in a clinical or financial position.
- Educate staff on the proper use of HCPCS descriptions.

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Chargemaster Management

- Create policies and procedures to standardize services and techniques:
  - Standardize charge ticket formats.
  - Create one online chargemaster change form for ease of use and to provide a tracking tool.
  - Appoint one staff person as CDM Coordinator.
  - Use a standard supply mark-up method.
  - Develop a routine Supply Policy of supplies bundled into procedure and a non-routine Supply Policy for those to be charged separately.

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Chargemaster Management

- Update the hospital chargemaster and create a process to easily maintain it.
- Identify improvement opportunities in cash collections.
- Ensure billing compliance.
- **Continually improve performance, especially by developing efficient processes!**

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Chargemaster Management

- Consider a Chargemaster Compliance Committee:
  - Include Finance, Compliance, Billing, Coding, Case Management, and “Chargemaster Coordinator.”
  - Review CMS updates quarterly to ensure changes are immediate and disseminated appropriately within departments, and updates occur to maintain compliance with government regulations and the Office of General Inspector (OIG).
  - Make RAC readiness a standing agenda item.

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Chargemaster Management

Create a process for physician ordering of large dollar, non-stock supplies

- All devices ordered through Materials Management
- All sales associates work through Materials Management
- Ensures best price through preferred vendor contracts

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Chargemaster Management

Add billable, large dollar supplies to departmental charge tickets

- Ensures supplies are billed
- Simplifies charging for staff
- Allows for supply tracking

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Chargemaster Management

Review all system edits

- Follow a charge through the revenue cycle process to determine if it is appropriately landing on bill.
- Are edits compliant?
- Is anyone manually taking codes off claims to get them out the door?
- Is there a process in place for inside scrubbing edits?

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Chargemaster Management

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Provide a bi-annual chart review to quickly determine whether:

- Charges are consistently accurate.
- Bills reflects medical record (and vice versa).
- Insurance payments accurately reflect contracts.

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Chargemaster Management

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Create a Denials Management Team

- Chargemaster Coordinator
- Billing Manager
- Finance
- Registration Manager
- Admitting Manager
- HIM

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Chargemaster Management

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Ensure all changes are communicated to staff

- How charge entry affects entire revenue cycle
- How departments affect each other
- How charges chosen affect timeliness and accuracy of final payment
- How front-end choice of appropriate patient account and 100% insurance verification affect timeliness and accuracy of final payment

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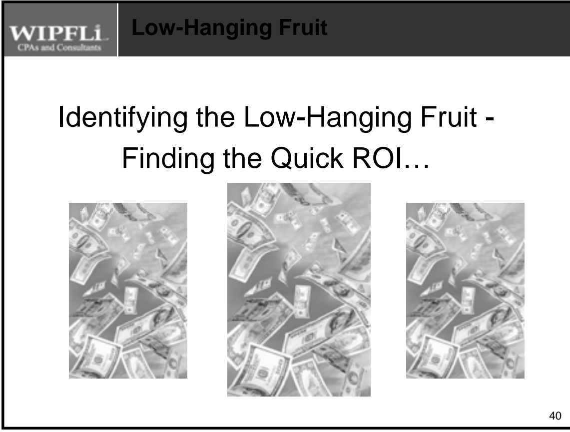
Low-Hanging Fruit

Identifying the Low-Hanging Fruit - Finding the Quick ROI…



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Low-Hanging Fruit

- Target large revenue-producing areas of the facility or departments with complex coding
  - Emergency Department
  - Clinics
  - Radiology
  - Operating Room
  - Pharmacy
  - Cardiac Cath Lab
  - Any procedure/charge that is paid by CPT code requires correct code assignment in order to ensure accurate reimbursement

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Low-Hanging Fruit

- When looking for dangling fruit, the Emergency Department is a great place to start!
  - Technical fee gaps
  - Large nursing component
  - (Many) missing charges
  - Professional side not managed well due to lack of education
  - E/M levels of service confusion
  - Fee issues
  - Diversity and complexity of services (e.g., injections and infusions not captured, wrong surgery codes, missed observation care opportunities)

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Coding

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Any procedure/charge that is paid by CPT code requires correct code assignment to ensure accurate reimbursement and compliance.

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Venipuncture

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- Venipuncture (blood draw) is often missing
  - Patient presents to ER with chest pain
    - Labs are drawn (CPT 80048 metabolic panel billed, among others)
    - ER Level charged (99283)
  - Venipuncture (surgery CPT code 36415) is not entered
    - $40 times 1,000 venipunctures a year = $40K

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Medication Administration

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- Medication Administration:
  - Patient presents to Labor and Delivery
    - Non Stress Test (59025)
    - Monitoring (ED level)
  - IV fluids for two hours given; fluid was billed but not the procedure for administering them (hospitals think this is part of ED level)
    - 90760 (IV infusion, hydration; initial hour) x one
    - 90761 (for each add'l hour, up to eight hrs) x one
  - $300 times 350 infusion hours per year = $105K

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Medication Administration

Accurate Billing of Drug Units (Drug Undercharged)

- Example, if the description for the drug code is "30 mg.," and the patient received 30 mg., the units billed would be one.
- If the description for the drug code is "20 mg.," and the patient received 80 mg., the units billed would be four.

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Medication Administration

- Do NOT bill units based on the way the drug is administered, stocked, or packaged
- Audit all drug descriptions against CMS for accurate billing units
- Review any dosage to billing unit system calculator or crosswalk
  - This will create a cleaner claim with a faster turn around time in payment and less staff rework

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Surgery and Radiology

- Interventional Radiology requires a one-to-one assignment of both a CPT Radiology code (70000 series) and a Surgical CPT (10000 – 60000)
  - Typically, the Radiology CPT would be "hard-coded" in the Chargemaster and chosen by a charge entry person
  - Surgical CPT code is often assigned by HIM

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Surgery and Radiology

- Example – 70xxx Radiology procedure performed.
  - Charge for the radiology component
  - Charge for the surgical component (biopsy itself)
- Charging only for the Radiology component results in missing revenue, which can add up given the volume of procedures performed annually

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Surgery and Radiology

- Example: Ureteral stent placement for drainage
  - 50393: Introduction of ureteral catheter or stent into the ureter through renal pelvis for drainage and/or injection, percutaneous
  - 74480: Introduction of ureteral catheter or stent into the ureter through renal pelvis for drainage and/or injection, *percutaneous, radiological supervision, and interpretation*

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Devices

- Large dollar devices are missed; they should be charged separately
- Example:
  - OR procedure 57288 – Sling Operation for Stress Incontinence
  - Implantable Mesh (C1781) with Revenue Code 278 (Implantable Supply)
  - HCPCS itself not required for CAH

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E/M Codes – Facility Charges

Evaluation and Management (E/M) – A Commonly Confused Category

- Can apply to many outpatient settings
- Most common is Emergency Department and physician practices
- Also, choose this charge to capture nursing time in the absence of a procedure performed in an outpatient setting (check with your Labor and Delivery department to see if they have any New or Established E/M codes set up)

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Emergency Department

- Missing surgeries: Surgical procedure facility fee should be charged in addition to the ER level facility charge
- This is separate from the physician billing for the professional component of the surgical procedure. Example:
  - Patient presents to the ER
    - CPT 99283 facility E/M charge
  - Surgical procedure also performed
    - Facility charge: CPT 12001 repair superficial wound
    - Professional charge: CPT 12001 (if CAH bills physician services)

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Respiratory Therapy Procedures

- Nursing who perform Respiratory Therapy procedures during the night, (when Respiratory Therapy technicians aren't onsite) should bill for the procedure.
- The appropriate CPT code (example, 94640, Inhalation Treatment) with a 230 Revenue Code, "Nursing Services".

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Observation Services

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- Observation services, not Observation “Status”

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Emergency Room or any Department

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- To find out what services or supplies might be missing, request a chart audit by your HIM department:
  - Choose 10 - 15 random charts. Include:
    - Charge tickets
    - UB04 claim forms
    - Insurance remittance advices
- Based on findings, provide staff education. (A common finding is that updates are needed in chart ticket content.)
- Repeat the chart audit in three months to ensure any required changes have been made appropriately

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Coding Hints

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- Remember to charge for each drug infused/injected as well as the administration code
- Example: 100 mg Testosterone is injected, IM
  - **Drug**: J3150 Testosterone, up to 100 mg is charged
  - **Injection**: 96372, therapeutic or diagnostic injection, subQ or IM

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CMS Approved Audit Issues

CMS Approved RAC Audit Issues

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CMS Approved Audit Issues

- Connolly Healthcare posted the first CMS approved audit issues for RAC Region C on 08/04/09
- Provider types affected: Outpatient hospital and Physician
- Date of service: 10/01/07 – Open (for all listed issues)
- States affected: South Carolina

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CMS Approved Audit Issues

- Issue Name: Blood Transfusions
- Description: CPT codes **36430, 36440, 36450** and **36455** (excluding claims with any modifiers) should be billed as one (1) per session, regardless of the number of units transfused on that date of service.
- Additional Information: Federal Register, Volume 67, No. 212, page 2
  Program Memorandum Intermediaries, Transmittal A-01-50, April 12, 2001, page 1
  CMS Pub 100-04, Ch. 4, & 231.8

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CMS Approved Audit Issues

- Issue Name: Untimed Codes
- Description: CPT Codes (excluding modifiers KX, and 59) where the procedure is not defined by a specific timeframe (untimed codes), the provider should enter a one (1) in the units billed column per date of service.
- Additional Information: CMS Pub 100-4, Transmittal 1019, dated 08/03/06, pages 7-11
  CMS Pub 100-4, Ch. 5 & 20.2

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CMS Approved Audit Issues

- Issue Name: IV Hydration Therapy
- Description: Based on the definition of CPT **90760** (excluding claims modifier – 59), the maximum number of units should be one (1) per patient per date of service. Beginning 01/01/09, code **90760** was replaced with code **96360**.
- Additional Information: CMS Pub 100-4, Ch. 12, pages 31-32
  CMS Pub 100-20; Transmittal 419, page 7
  MLN Matters, MM6349 R/T RC Release Date 12/19/08, page 4

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CMS Approved Audit Issues

- Issues Name: Bronchoscopy Services
- Description: CPT Codes **31625, 31628** and **31629** should be billed with a maximum number of units of one (1) per patient per date of service (excluding claims with modifier 59) should only be reported with one unit per date of service.
- Additional Information: http:// www.thoracic.org
  http://healthscience.cypresscollege.edu
  AMA CPT 2007, 2008 and 2009

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CMS Approved Audit Issues

- Issue Name: Once in a lifetime procedures
- Description: By virtue of the description of the CPT code, these codes can be performed only once per patient lifetime.
- Additional Information: CMS Pub 100-8, Ch. 3 & 3.6
  American Medical Association's (AMA) Current Procedural Terminology (CPT) for 2007, 2008 and 2009

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CMS Approved Audit Issues

- Issue Name: Pediatric codes exceeding age parameters
- Description: Newborn/Pediatric CPT codes being applied/billed for patients which exceed the age limit defined by the CPT code.
- Additional Information: AMA CPT for 2007, 2008 and 2009

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CMS Approved Audit Issues

- Issue Name: J2505: Injection, Pegfilgrastim, 6 mg.
- Description: By definition, HCPC Code **J2505** represents **6 mg** per unit. The code should be billed at **one (unit)** per patient per date of service.
- Additional Information: CMS Pub 100-04 Medicare Processing Manual, Transmittal 949 (dated May 12, 2006)
  MLN Matters Number MM5912, Release Date: January 18, 2008
  MLN Matters Number MM4380, Release Date: May 12, 2006

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CMS Approved Audit Issues

- RAC Region D News Alert – 081209
  - Twenty states affection
  - Announced by Connolly Healthcare

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- **Neulasta (HCPCS code J2505).** RACs will review claims submitted with the total number of milligrams instead of one unit per 6mg. Providers should submit claims for J2505 so that the units billed represent the number of multiples of 6mg administered, not the total number of mgs.

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- **Newborn Pediatric CPT Codes Billed for Patients Exceeding Age Limit.** Certain service codes are specific to patients of a specific age and should not be applied or billed for patients who exceed the age limit defined by the CPT code.

- **Once in a Lifetime.** Certain procedures are only performed once in a person's lifetime. RACs will seek to identify claims paid for those procedures for more than one service date.

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Excessive Units—Untimed Codes. When reporting service units for untimed codes (excluding modifiers -KX and -59) where the procedure is not defined by a specific time frame, the provider should enter a "1" in the units bill column per date of service.

- **Excessive Units—Blood Transfusions.** Providers should bill blood transfusions with a maximum of one unit per patient per date of service.

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CMS Approved Audit Issues

- **Excessive Units—Bronchoscopy.** Providers should bill bronchoscopy services with a maximum number of one unit per patient per date of service.
- **Excessive Units—IV Hydration.** Providers should bill IV hydration with a maximum number of one unit per patient per date of service.

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- The issues are perfect for automated reviews (no medical records requested)
- As there are now two RACs now focusing on the same issues, providers should review these areas and try to correct any problems they find immediately.
- Don't wait for the RAC audit letter – review the identified issues now!

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Summary

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Summary

No hospital or facility wants to miss an opportunity for improving their cash flow:

- Review your chargemaster for accuracy and completeness.
- Provide high-dollar department audits to ensure all charges are getting on the bill.
- Look for the low-hanging fruit—items being provided but not captured.
- Talk with your nursing staff on procedures performed bedside
- Set up a RAC Committee

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Summary

- Review these items with your head nurse and staff to ensure that they are consistently documented on the claim.
- Update your chargemaster and charge tickets! Include complete code/service descriptions.
- Update billing office with this information.
  - Insurance rejections must be routed back to coding and department managers for review and corrective action.

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Summary

- Additional means of ensuring correct charge capture:
  - Implement a daily reconciliation process of auditing charge tickets to patient census.
  - Monitor revenue and usage reports.
  - Perform Charge Capture Audit of the medical documentation to the UB-04 and Explanation of Benefits (EOBs) from insurance company.
  - Review CMS Quarterly Changes for CPT and HCPCS updates.
  - Look on the CMS Website/RAC weekly for updates

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Summary

- How to address?
  - Educate staff to understand the 1:1 connection.
  - Request a sample audit by HIM to review current accuracy of charges on claim form.
  - Update all relevant staff of results.
  - Provide ongoing sample audits and staff education.

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Open Forum

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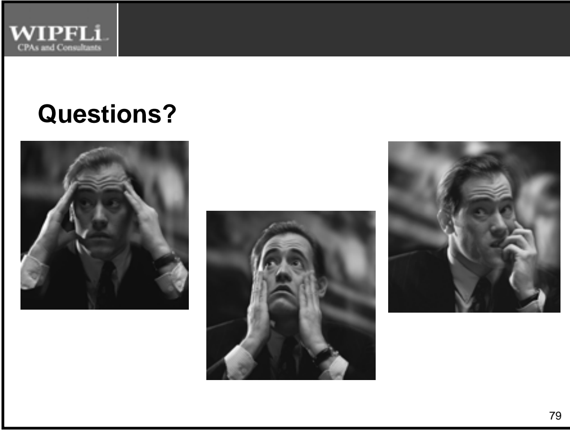
Questions?



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Resources

- CMS Manual System IOM, Pub 100-4, Medicare Processing Manual:
  - Chapter 1, Section 50
  - Chapter 3, Section 30
  - Chapter 4, Section 250

  Critical Access Hospital Center Web Page:

  http://www.cms.hhs.gov/center/cah.asp

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Resources

- HFMA “Missed Opportunities: Your Strategy for Correct and Complete Charge Capture”
- HFMA Roundtable “Improving Cash Flow”
- Ingenix “Hospital Chargemaster Guide,” May 2008
- CMS Provider Reimbursement Manual, Part 1
- Riverbend Government Benefits Administrator Trailblazer

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For More Information

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