MDS Alert

Medicare: Have You Heard? CMS Is Revving Up Medical Review

What you need to know and do to prevent RUG downcoding, denials.

If anyone needs convincing that MDSs need to be right on the money and secure in the state database before billing, Transmittal 196 should do the trick.
With an implementation date of April 30, 2007, the transmittal instructs fiscal intermediaries to review MDSs in the state database as part of targeted pre- and post-pay review.

What it means for you: Transmittal 196 takes audits to a "new level," warns **Sheryl Rosenfield, RN**, director of clinical services for **Zimmet Healthcare Services Group LLC** in Morganville, NJ. Intermediaries used to screen the UB-92 and then asked facilities for MDSs and supporting documentation based on the screen. But now "they have the claims and can go into the data file and pull out the MDSs and ask for supporting information," says Rosenfield. "The FI will also be able to see if the facility transmitted MDSs that were accepted into the state database before the facility billed," adds Rosenfield.

Now for the Good News

The "transmittal notes that FIs have the ability to actually electronically recalculate a RUG score using an automated system" instead of the matrix, says **Theresa Lang, RN, BSN, CDONA, RAC-C, WCC**, senior health services consultant for **Specialized Medical Services** in Milwaukee.

How it used to work: Previously, if the patient received physical, occupational and speech therapies and the FI denied the speech therapy for an RUB, as one example, the FI automatically dropped the RUG from RUB to a rehab medium, observes **Jan Zacny, RN**, consultant with **Southern Missouri BKD Inc.** in Springfield, MO. But now the FI has the ability to electronically input the 500 minutes or whatever minutes of therapy that medical reviewers deem was reasonable/medically necessary and calculate the correct RUG group, says Lang.

No MDS, No Payment

The transmittal notes that the FI will pay the default rate if a SNF doesn't do an MDS for a resident who is discharged or dies on or before day eight of the SNF stay. SNFs will also receive the default rate when they don't do MDSs in demand bill scenarios (see "Erase Default Rates For 5-Day MDSs, Demand Bills,").

The bad news: Except for those two instances, the FI will deny claims for which there's no associated MDS in the state repository. That means the facility won't even get the default rate, says **Ron Orth, RN, NHA, RAC-CT**, president, **Clinical Reimbursement Solutions LLC** in Milwaukee.

Stay tuned: The **American Association of Homes and Services for the Aging** has asked the **Centers for Medicare & Medicaid Services** to clarify how facilities should "handle situations where a facility completed an MDS but didn't transmit it--or the MDS is not in the state repository due to reasons outside the facility's control," AAHSA health policy analyst **Karyn Downie** tells **Eli.**

Orth believes that a payment denial in such cases may qualify for a "reopening" of the claim or the provider would need to go through the appeals process.

But remember, Orth emphasizes, the "current regulations do state that a facility is not to bill Medicare until the assessment has been submitted to and accepted by the state."

1, 2, Shoo Away Payment Snafus

The transmittal doesn't change how you do the MDS or bill, says Orth. But implementing or tuning up these two review strategies will keep your billing compliance and revenue on track.

1. Do a quad check before billing. That's where four people in the facility (the MDS coordinator, and representatives from the business office, therapy and administration) double check the MDS against the UB-92 before it goes to the FI, relays **Rita Roedel, RN**, national director of reimbursement for **Extendicare Health Services** in Milwaukee. The team "validates the essential fields" on the UB-92, including the assessment reference date, RUG level--and number of days billed at a particular RUG level, etc.

2. Develop a system to check the assessment due and validation reports. "The administrator should ask the MDS coordinator for an assessment due report, which most MDS software provides," advises Roedel. And the administrator should actually check the validation reports to ensure the MDS assessments are in the state database, she adds.

The FIs are watching: Facilities should be sure to submit MDSs promptly following the assessment schedule, advises Zacny. "The FI will be able to detect a pattern of late submissions," she cautions.

Editor's note: Read the transmittal at www.cms.hhs.gov/Transmittals/Downloads/R196PI.pdf.