Managed care retrospective review can be tricky, and hospital financial leaders know this. But what many financial leaders may not realize is that Medicare retrospective review can be just as tricky, and can yield a similarly substantial amount of lost revenue. According to Academy research, 36% of total hospital patient revenue is derived from Medicare. Given this large figure, better performing healthcare organizations pay special attention to ensure Medicare payments are accurately received and documented. In order to learn more about the process of recovering lost revenue through retrospective Medicare reviews, The Academy recently spoke with Debby Froebel, the Director of Patient Financial Services at Capital Region Medical Center, a 99 bed facility in Jefferson City, Missouri with 28 clinics and approximately 1,200 total employees.

**Challenge**

Capital Region was unaware of any errors in its Medicare billing processes until the organization was contacted by Vaughan Holland Consulting, a firm specializing in locating and restoring lost Medicare revenue. Vaughan Holland offered to run a set of preliminary tests as an indication of Capital Region’s potentially recoverable revenue. “I was surprised what they found.” Froebel exclaims. “I didn’t really think they would dig as deep as they did.”

Before working with Vaughan Holland, Capital Region was also unaware of several systemic problems that resulted in lost revenue for the healthcare organization. One such problem was a habitual oversight brought on by HCPCS updates. Every October Medicare updates HCPCS codes, but Capital Region would not receive the new codes until November or even December. This created a two month gap of missed revenue opportunities because the healthcare organization was not retroactively updating its November and December accounts with the new codes.

**Solution**

After the preliminary tests, Vaughan Holland began closely examining Capital Region’s billed units, and making sure patients’ medical records matched with everything the healthcare organization should have charged. Vaughan Holland did this all remotely. “[Vaughan Holland] only came on-site for the kick-off. After that, it was email, which was really nice because I don’t have to supply any space for them, or staff,” Froebel explains. “I didn’t really think they would dig as deep as they did.”

Once the underpayments are verified by Capital Region, the report is returned to Vaughan Holland and the consulting firm handles all rebilling and collection efforts.

**Results**

Vaughan Holland found several systemic problems leading to Capital Region’s lost revenue which the healthcare organization promptly fixed.

- After almost one year, Vaughan Holland recovered about $373,427.
- Working with Vaughan Holland required little to no effort on the part of Capital Region and yielded increased revenue and more efficient documentation processes.

“[It’s not difficult to work with [Vaughan Holland] at all. It was awesome; I was very impressed with [them]. Everybody on the staff was very professional, very knowledgeable about what they were doing.” — Debby Froebel PFS Director Capital Region Medical Center
Before contracting with Vaughan Holland, Froebel’s main concern was Capital Region’s ability to keep up with a huge influx of rebills. Her fear was assuaged by the fact that Vaughan Holland handles all rebilling and collection efforts on behalf of the healthcare organization. “I barely can keep up with billing out what we already have, much less going back and rebilling everything. It was very nice to find out they do all of that. It was awesome,” Froebel says.

Results
Although Capital Region has only been working with Vaughan Holland since March 2012, the healthcare organization has already noticed several improvements. One such improvement was identifying Capital Region’s failure to retroactively update HCPCS codes. Vaughan Holland continuously identified missed revenue opportunities between October and December, prompting Capital Region to investigate that time frame, and consequently uncover a systemic oversight the healthcare organization has since fixed. In that time frame alone, Vaughan Holland uncovered $157,187.

After almost one year working together, Vaughan Holland has recovered $373,427 in missed revenue for Capital Region. This figure has prompted the healthcare organization’s staff to remain even more vigilant in all business processes. Once Vaughan Holland identifies Capital Region’s systemic problems, the healthcare organization fixes the problem immediately. Going a step further, Capital Region not only fixes the problem itself, but fixes the process that allowed the problem to happen in the first place. “The fact is that what they identify, I go back and check. I just want to make sure that I’m going to get money when I rebill it, that we have our charge master correct, and our processes correct, so everything they find we go back and check,” Froebel attests. Capital Region has since changed nursing staff processes and the processes that govern the documentation of transfusions and blood products according to Vaughan Holland’s findings, simultaneously recovering revenue and streamlining documentation and supply chain procedures.

Having previously worked with a transfer DRG revenue recovery firm that recuperated very little, Froebel was not expecting much from Vaughan Holland. “I was pleasantly surprised,” Froebel admits. “They were so easy to work with and I like working with them. I like having just a check-up … I know I’m doing it right going forward.”

According to Froebel, every healthcare organization can benefit from at least a sample investigation into the efficacy of its Medicare billing processes. When considering a retrospective review, Froebel believes that healthcare financial leaders do not see how beneficial a Medicare review can be. “You think [Medicare billing] should be fairly easy. You bill it out, these are the rules. You should take a chance and at least look. Have them do a sampling, because you’d be surprised what they find,” she advises.

Using Capital Region as an example, retrospective Medicare review can lead to both recovered revenue and a more accurate method of documentation, resulting in short-term savings and long-term strategies for maximizing profits. “I think that everyone should at least take a chance and do a sampling and find out just exactly where the losses are, because it will help you. Why shouldn’t you get your money back just because you billed it wrong?” Froebel asks.

About Vaughan Holland Consulting
• Vaughan Holland provides Medicare inpatient, Medicare outpatient, and third party review services to healthcare organizations around the country.
• Vaughan Holland helps healthcare organizations remotely recover lost revenue with little to no effort from the organization’s staff.
• Vaughan Holland’s fees are contingent upon results; there are no financial risks or up-front costs to the healthcare organization.
• For more information please visit: www.vhci.net