

Report on Medicare Compliance Volume 27, Number 38. October 29, 2018 TPE, SMRC Audits Heat Up, With Surprises; QIO Reviews Are Based on Volume, Not Outcome

By Nina Youngstrom

Audits and their fallout can be unpredictable, and that was the case with a recent request for medical records received by a hospital for outpatient dental claims from Noridian Healthcare Solutions in its role as a supplemental medical review contractor (SMRC). It was the first time the hospital was audited by the SMRC, and dental claims seemed an unlikely target—although it's also auditing spinal fusion.

"We don't bill Medicare" for dentistry, the compliance officer says. The letter from the SMRC—another CMS program integrity contractor—explained that the audit is a response to a March 2017 report by the HHS Office of Inspector General, which found that six Medicare contractors overpaid hospitals about \$9.7 million for outpatient dental services over four years. After OIG's bombshell, the compliance officer poked around and discovered the hospital bills operating-room time if patients need anesthesia for routine dental work (e.g., cleaning, tooth extraction) because they're uncomfortable or combative. The outpatient OR charges are assigned CPT code 41899 (unlisted code for procedures on the dentoalveolar structures). The compliance officer is unsure about the appropriate use of the CPT code, so the SMRC review could be helpful in clarifying how to charge for covered anesthesia services in connection with noncovered dental services. But Medicare pays \$130 for OR services that cost the hospital a fortune—\$10,000 to \$15,000—so it's time invested in an audit when the hospital takes a big hit anyway.

That's just one of the audits the hospital has faced in recent months. Some hospitals are reporting a resurgence of audits, with an occasional twist. "I feel like we are being hit left and right with Targeted Probe and Educate," says the compliance officer, who prefers not to be identified. Targeted Probe and Educate (TPE), which is CMS's national medical review strategy, is run by Medicare administrative contractors (MACs).

She is not alone. "We are seeing an uptick in audits," says Stephen Gillis, director of compliance coding, billing and audit at Partners HealthCare in Boston. TPE took a strange turn in late October, when National Government Services, the MAC for Massachusetts and elsewhere, sent Partners an update on a validation of respiratory failure diagnosis in inpatient stays. "Early reviews of claims have determined that many claims are being recoded, which represents zero dollars in error," the MAC stated. "As a result, we will utilize the claim error rate rather than payment error rate to determine TPE progression."

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