



Audit Department

500 S Grand Central Pkwy Ste 5006 • PO Box 551120 • Las Vegas NV 89155-1120
(702) 455-3269 • Fax (702) 455-3893

Angela M. Darragh, CPA, CFE, CISA, Director

December 20, 2013

Mr. Don Burnette
Clark County Manager
500 South Grand Central Parkway, 6th Floor
Las Vegas, Nevada 89106

Dear Mr. Burnette:

We recently completed our audit of major joint replacement medical necessity documentation at University Medical Center. Our objective was to determine whether UMC medical records support the medical necessity requirement for major joint replacement procedures performed on Medicare patients. Without proper documentation supporting medical necessity in the medical record, UMC is at risk for losing reimbursement for major joint replacement procedures.

Between January 1, 2013 and May 15, 2013, UMC performed 15 major joint replacement surgeries. Of the 15 encounters, 6 were considered as true emergency and/or trauma cases and were excluded from our audit, as neither type requires the same type of documentation to support medical necessity as do elective procedures. Seven of the remaining 9 records reviewed did not contain sufficient information to support medical necessity requirements. The other two procedures met the medical necessity documentation requirements.

A draft report was provided to the UMC Chief Operating Officer and Chief Medical Officer, and their response is included. We appreciate the cooperation and assistance provided by the Health Information Management Department.

Sincerely,

A handwritten signature in blue ink that reads "Angela M. Darragh".

Angela M. Darragh, CPA
Audit Director



AUDIT DEPARTMENT

Audit Report

University Medical Center of
Southern Nevada

Joint Replacement Medical
Necessity

December 2013

Angela M. Darragh, CPA, CISA, CFE
Audit Director

AUDIT COMMITTEE:

Commissioner Steve Sisolak

Commissioner Chris Giunchigliani

Commissioner Lawrence Weekly

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BACKGROUND The Centers for Medicare and Medicaid Services (CMS) is currently focusing efforts on certain high risk areas to ensure claims are for medically necessary procedures. One of the procedures that being evaluated is joint replacement surgery. The hip and knee are the two most commonly replaced joints. Both procedures are on the Medicare Inpatient List Only that requires patients be admitted as an inpatient in order for Medicare to cover the procedure.

CMS publication 100-08, chapter 6, section 6.5.2 states “Review of the medical record must indicate that inpatient hospital care was medically necessary, reasonable, and appropriate for the diagnosis and condition of the beneficiary at any time during the stay. The beneficiary must demonstrate signs and/or symptoms severe enough to warrant the need for medical care and must receive services of such intensity that they can be furnished safely and effectively only on an inpatient basis.”

CMS reviewers look for the following information when making a medical necessity determination: (1) beneficiary signs and symptoms, (2) rationale for joint replacement versus non-surgical therapies, (3) history of joint disease, (4) pre-operative outpatient treatments, (5) joint exam findings, and (6) other supporting pre-, intra-, and post-operative findings.

With the large amount of improper payments for joint replacement surgeries, CMS issued MLN Matters No. SE1236 (Documenting Medical Necessity for Major Joint Replacement (Hip and Knee) . In that document, CMS recognized that joint replacement surgery is reserved for patients whose symptoms have not responded to other treatments. To avoid denial of claims for major joint replacement surgery, the medical records should contain enough detailed information to support the determination that major joint replacement surgery was reasonable and necessary for the patient. Further, progress notes consisting of only conclusive statements should be avoided.

**OBJECTIVES, SCOPE, AND
METHODOLOGY**

The objective of our audit is to determine whether UMC medical records support medical necessity for major joint replacement procedures performed on Medicare patients.

To achieve our objective, we selected a judgmental sample of 15 Medicare patient accounts with major joint replacement (hip and knee, DRG 469 or 470). Of the 15 encounters, 6 are considered as true emergency and /or

trauma cases and were excluded in our audit, as neither type requires the same type of documentation to support medical necessity as do elective procedures. We reviewed the remaining 9 UMC medical records for the following information to support medical necessity:

- History documentation to include description of pain, limitation of activities of daily living, safety issues, contraindications to non-surgical treatments, and listing and description of failed non-surgical treatments
- Physical examination to include specific references to deformity, range of motion, crepitus, effusions, tenderness, and gait description
- Results of applicable investigations, e.g., plain radiographs
- Clinical judgment reasons for deviating from a stepped-care approach

Fieldwork concluded on September 03, 2013.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS IN BRIEF We found that UMC medical records do not contain sufficient information to support medical necessity for major joint replacement procedures.

DETAILED RESULTS

Insufficient Documentation for Medical Necessity Seven of 9 records reviewed did not contain sufficient information to support medical necessity. The other two records met medical necessity criteria for joint replacement surgery. The total charge for the 7 accounts was \$414,012.

Specific deficiencies are as follows:

- 6 of 9 did not adequately document pain level to hip or knee.
- 1 of 9 did not document results of physical examination.
- 3 of 9 did not adequately document diagnostic test results.

- 7 of 9 did not adequately document the conservative therapy.
- 6 of 9 did not adequately document medical judgment and evaluation of conservative effectiveness.
- 6 of 9 did not provide adequate history of presenting illness to substantiate the necessity of the procedure.

Conservative therapy is typically performed in the primary care physician (PCP) office. When the conservative therapy fails, the primary care physician refers the patient to a surgeon for joint replacement surgery. The PCP recordation of the failed therapy is not being transferred and entered into the hospital medical record. As a result, the hospital medical record does not have the supporting conservative therapy notes needed to prove medical necessity.

Without proper documentation in the medical record, UMC is at risk for losing compensation for major joint replacement procedures, even if that information is included in records residing at various physician offices.

Recommendation

1. Assign a “gatekeeper” to review physician documentation to support medical necessity before any elective major joint replacement procedure is performed at UMC. The person assigned should have appropriate clinical knowledge and be able to assess the record against CMS required documentation.



MEMORANDUM

ADMINISTRATION

TO: Rani Gill, Manager, Corporate Compliance
FROM: Lawrence C. Barnard, Chief Operating Officer *LCB*
SUBJECT: Surgical Services – Joint Replacement Compliance
DATE: December 18, 2013

Prior to the receipt of potential joint replacement surgery compliance issues, we assigned the “gatekeeper,” who was reviewing spinal fusion physician documentation to support medical necessity, to also review joint replacement surgery documentation. The person assigned has appropriate clinical knowledge and is able to assess the record against CMS required documentation.

If you have any additional questions, please reach me at (702) 383-2297 or via email at Lawrence.Barnard@umcsn.com.