AUDIT DEPARTMENT

Audit Report

University Medical Center
Spinal Fusion Medical Necessity

June 2013

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

June 17, 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 spinal fusion medical necessity documentation at University Medical Center. Our objective was to determine whether UMC medical records support the medical necessity requirement for spinal fusion procedures performed on Medicare patients. Without proper documentation supporting medical necessity in the medical record, UMC is at risk for losing compensation for spinal fusion procedures.

Sixteen of 18 records did not contain sufficient information to support this requirement. The other two records included one trauma patient and one quadriplegic patient, neither of which requires the same type of documentation to support medical necessity.

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

Sincerely,

/s/ Angela M. Darragh

Angela M. Darragh, CPA
Audit Director

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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 often evaluated is spinal fusion. Spinal fusion is a procedure where two or more vertebrae are fused together, and is typically done after other more conservative treatments fail to stop a patient's pain.

Every quarter, acute care facilities are provided a report from the Program for Evaluating Payment Patterns Electronic Reports (PEPPER) that ranks the facility in certain high risk areas. The purpose is to assist facilities in identifying coding, charging, or medical necessity issues before they become compliance problems.

According to 3rd Quarter 2012 PEPPER Report, UMC ranked at the 84.7th percentile for the hospital's jurisdiction. Further, UMC ranked above the 80th percentile in 9 out of the past 12 quarters for spinal fusion surgeries. Any ranking above the 80th percentile is cause to review the hospital's practices for compliance. According to the PEPPER Users Guide, 10th Edition, ranking above the 80th percentile for this measure "could indicate that there are unnecessary admissions related to performance of unnecessary spinal fusion procedures." The guide further recommends that "a sample of cases should be reviewed to validate the medical necessity of the procedure."

For FY 2012, there were 141 spinal fusions performed at UMC on Medicare patients. Three were related to trauma cases, and the remaining 138 were elective surgeries. The total charges for the 141 cases were $22,039,783.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of our audit is to determine whether UMC medical records support the medical necessity for spinal fusion procedures performed on Medicare patients.

To achieve our objective, we selected a judgmental sample of 20 Medicare patient accounts with spinal fusion procedures. Two of those accounts were for re-fusion, and excluded from our final sample. We reviewed the UMC medical records for the following information to support medical necessity:

- Previous non-surgical treatment
- Physical examination clearly documenting the progression of

neurological deficits, extremity strength, activity modification and pain levels
- Diagnostic test results and interpretation
- Adequate history of presenting illness to substantiate the necessity of the procedure

Fieldwork concluded on March 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 spinal fusion procedures.

DETAILED RESULTS

Insufficient Documentation for Medical Necessity

Sixteen of 18 records did not contain sufficient information to support medical necessity. The other two records included one trauma patient and one quadriplegic patient, neither of which requires the same type of documentation to support medical necessity.

Specific deficiencies are as follows:

- 16 of 18 did not contain adequate documentation of conservative therapy, behavior modification, and pain management. This included 2 patients who confirmed a history of tobacco use but required smoking cessation counseling was not documented in the record.

- 16 of 18 did not include documentation of the progression of neurological deficits, extremity strength, activity modifications and pain levels.

- 16 of 18 did not include documentation of diagnostic test results and interpretation.

- 16 of 18 did not include adequate history of presenting illness to substantiate the necessity of the procedure documented.

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 spinal fusion 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.

A Medicare Administrative Contractor (MAC) performed a probe audit on spinal fusions (UMC was not included in the review) and reported that "by far the most common reason for denial of payment was a lack of supporting information about conservative care before the surgical intervention." (TrailBlazer Health Enterprises, December 30, 2011) The MAC noted:

> *"Failed outpatient therapy, admit for spinal fusion" are simply not sufficient evidence of medical necessity for the admission or the surgery".*

Further, Chapter 6 of the Medicare Program Integrity Manual states that:

> *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.*

Documentation in the medical record necessary prior to surgical intervention should include, but is not limited to the following: records of physical and occupational therapy; record of joint injections, analgesia, or assistive devices; physical examination clearly documenting the progression of any neurological deficits, upper or lower extremity strength, activity modifications and pain levels; and, diagnostic test results and interpretations, such as magnetic resonance imaging.

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

Recommendation

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

APPENDICES

Appendix 1: Management Response Letter

MEMORANDUM

LAWRENCE C. BARNARD
Chief Operating Officer

University Medical Center
Administration

TO:	Rani Gill, Manager, Corporate Compliance
FROM:	Lawrence C. Barnard, Chief Operating Officer LCB
SUBJECT:	Surgical Services – Surgical Charge Compliance
DATE:	June 7, 2013

On the receipt of potential spinal fusion surgery compliance issues, we have developed the following action to be completed within 60 days of the date of this memorandum:

- Assign a "gatekeeper" to review physician documentation to support medical necessity before any elective spinal fusion procedure is performed at UMC. The person assigned will have appropriate clinical knowledge and be 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.