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RISE
Resource Initiative & Society for Education

RADV Audit Preparation & Data Validation

Presented by: Kim Browning, CHC, PMP
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Agenda

- Part 1 – Kim Browning
  - Knowledge sharing from past/active audits
  - Effective data validation techniques
  - Decoding the RADV extrapolation
- Part 2- Debbie Conboy
  - Strategies to identify inappropriate documentation of codes
  - Designing an effective RADV simulation
  - Determining the best medical record
- Part 3 – Ankur Goel
  - Understanding the FFS adjustor
  - Tying all of this to your compliance activities
- Q&A

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Part 1 Objectives

- Insights from current RADV audits
- Effective data validation techniques
- Review the extrapolation formula—*in English*
- Correlate to internal controls/internal audit

Insights from National RADVs

- For the 2007-2011National RADVs, our clients struggle with their own submissions:
  - 7 health plans, 10 distinct audits
    - 20% unable to substantiate with 1 medical record
    - 25% incorrect submission
  - Themes
    - Active vs. History of
    - Incorrect ICD-9
    - Invalid provider

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Effective Validation Techniques

- The best defense is a good offense:
  - Build controls into your filters and process
- But, when concerned:
  - You're not managing on the front end
  - Have concerns outside of your filters and controls
  - Do not ignore
  - Create sample
    - Pretend you are CMS and substantiate to their standards

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Effective Validation Techniques

- There are several approaches to get to a meaningful sample
  - Consider a combination of the following:
    - Members with 7 or more HCCs
    - Members with ± 1 in RAF score from prior year
    - Top 1/3 paid stratum
    - High distribution HCCs
    - Presumed red flags
      - Active vs. History of
      - Vascular disease
      - Diabetes with complications
      - Major depression

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Extrapolation Methodology—*in English*

You got this, right?

$$V_{\hat{T}} = \sum_{h=1}^{3} \frac{N_h^2}{67} V_h$$

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To Simplify & Summarize

- Think of RADV extrapolation as a roadmap
  - #1 Know RADV eligibles
  - #2 Know total CMS payment
  - #3 Divide RADV sample into thirds (High/Med/Low stratum)
  - #4 Determine weighting for each stratum
  - #5 Determine estimated weighted payment error (Point Estimate)
  - #6 Determine Standard Error
  - #7 Calculate Confidence Interval
  - #8 Determine upper and lower bound amounts by adding/subtracting the Confidence Interval to the Point Estimate
  - #9 Take lower bound amount and apply FFS adjuster

RADV EXTRAPOLATION EXAMPLE

#	RISK SCORE	STRATA	MA PAYMENT	Hypothetical MA Pymt.	Variance	Weighted Payment error	Deviation	Deviation Squared	Variance (div by 67-1)	Nh=3000
1	5.073	TOP 3RD	$ 3,934.20	$ 3,000.00	$ 934.20	$ 13,943.28	$ 822.02	$ 675,710.99		
2	4.975	TOP 3RD	3,957.67	3,957.67	-	-	(112.18)	12,585.16		
3	4.087	TOP 3RD	3,171.02	3,200.00	(28.98)	(432.54)	(141.16)	19,927.16		
4	3.737	TOP 3RD	2,900.11	2,900.11	-	-	(112.18)	12,585.16		
5	3.547	TOP 3RD	2,753.05	2,753.05	-	-	(112.18)	12,585.16		
63	1.277	TOP 3RD	996.02	996.02	-	-	(112.18)	12,585.16		
64	1.251	TOP 3RD	975.90	975.90	-	-	(112.18)	12,585.16		
65	1.246	TOP 3RD	972.03	972.03	-	-	(112.18)	12,585.16		
66	1.242	TOP 3RD	968.93	968.93	-	-	(112.18)	12,585.16		
67	1.240	TOP 3RD	967.39	967.39	-	$ -	$ (112.18)	$ 12,585.16		
			$ 109,128.51	**$ 101,612.21**	**$ 7,516.30**	**$ 112,183.58**	**$ 0.00**	**$ 12,710,440.10**	**192,582.426**	
		Error %			**6.89%**					
		Enrollee Weight			**14.925**					
		Weighted Enrollee Payment Error			$ 112,183.58					
68	1.224	MIDDLE 3RD	$ 955.00	$ 940.00	$ 15.00	$ 223.88	$ (21.11)	$ 445.68		
69	1.219	MIDDLE 3RD	951.13	-	951.13	14,195.97	915.02	837,259.42		
70	1.207	MIDDLE 3RD	941.84	941.84	-	-	(36.11)	1,304.02		
71	1.204	MIDDLE 3RD	939.52	939.52	-	-	(36.11)	1,304.02		
72	1.168	MIDDLE 3RD	911.65	911.65	-	-	(36.11)	1,304.02		
130	0.685	MIDDLE 3RD	542.04	542.04	-	-	(36.11)	1,304.02		
131	0.685	MIDDLE 3RD	537.81	537.81	-	-	(36.11)	1,304.02		
132	0.683	MIDDLE 3RD	536.25	536.25	-	-	(36.11)	1,304.02		
133	0.679	MIDDLE 3RD	533.16	533.16	-	-	(36.11)	1,304.02		
134	0.679	MIDDLE 3RD	533.16	533.16	-	$ -	$ (36.11)	$ 1,304.02		
			$ 48,392.30	**$ 45,972.85**	**$ 2,419.45**	**$ 36,111.19**	**$ (0.00)**	**$ 2,112,386.58**	**32,005.857**	
		Error %			**5.00%**					
		Enrollee Weight			**14.925**					
		Weighted Enrollee Payment Error			$ 36,111.19					
135	0.649	BOTTOM 3RD	$ 509.94	$ 515.00	$ (5.06)	$ (75.52)	$ (16.05)	$ 257.74		
136	0.649	BOTTOM 3RD	516.19	516.19	-	-	(10.99)	120.87		
137	0.645	BOTTOM 3RD	506.84	506.84	-	-	(10.99)	120.87		
138	0.635	BOTTOM 3RD	499.11	499.11	-	-	(10.99)	120.87		
139	0.617	BOTTOM 3RD	485.17	485.17	-	-	(10.99)	120.87		
197	0.177	BOTTOM 3RD	147.91	145.00	2.91	43.43	(8.08)	65.35		
198	0.177	BOTTOM 3RD	144.60	144.60	-	-	(10.99)	120.87		
199	0.177	BOTTOM 3RD	144.60	144.60	-	-	(10.99)	120.87		
200	0.177	BOTTOM 3RD	144.60	144.60	-	-	(10.99)	120.87		
201	0.177	BOTTOM 3RD	144.60	144.60	-	$ -	$ (10.99)	$ 120.87		
			$ 20,348.32	**$ 19,611.71**	**$ 736.61**	**$ 10,994.18**	**$ 0.00**	**$ 264,963.28**	**4,014.595**	
		Error %			**3.62%**					
		Enrollee Weight			**14.925**					
		Weighted Enrollee Payment Error			$ 10,994.18					
		Strata Total	$177,869.13	$167,196.77	$ 10,672.36	$ 159,288.96				

Total CMS Pymt $ 3,900,000

	Sample	Population (Extrapolated)
Average Error %	6%	4%
POINT ESTIMATE (PE)	**$ 159,288.96**	
PE + Confidence Interval	**$ 309,700.33**	
PE - Confidence Interval	**$ 8,877.58**	

Standard Error (SE) (Sq of PE) **58,412.18**

Confidence Interval CI (2.575*SE) **$ 150,411.37**

Lower Bound CI **8,877.58** **Payment Recovery Amount subject to FFS**

1 3 4 2 5 8 6 7 9

Roadmap Summary

1 RADV Eligibles
2 Total CMS Payment
3 Divide sample into 3 stratum
4 Weight the stratum
5 Point Estimate
6 Standard Error
7 Confidence Interval
8 Upper & Lower bounds
9 Lower + FFS adjuster

Correlation to Internal Controls/Audit

- Give consideration to refining internal controls and audit strategies to accommodate RADV
- If nothing else, concentrate focus on top 1/3 paid

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Impact of Risk Verification

Small MA Plan, 3K Members, $32M Annual Plan Revenue

	10% Error Rate	20% Error Rate
Payment Recovery	$1.22M	$3.47M
Post 100% Review of Top Third Stratum		
Payment Recovery	$0.33M	$1.23M
Error Rate reduced	4%	8%

Disclaimer: This example assumes equal distribution of error in each of the sample stratum.

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Impact of Risk Verification

Large MA Plan, 21K Members, $200M Annual Plan Revenue

	10% Error Rate	20% Error Rate
Payment Recovery	$5.54M	$21.50M
Post 100% Review of Top Third Stratum		
Payment Recovery	$2.34M	$8.73M
Error Rate reduced	4%	8%

Disclaimer: This example assumes equal distribution of error in each of the sample stratum.

Q&A/Next Steps

- For more information, please contact:

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