

Neighborhood Partnering with Optum for Hospital Bill Auditing

Q: What is the purpose of this notification?

A: This is a medical cost action-related notification. Effective **November 4, 2024**, Neighborhood Health Plan of Rhode Island (Neighborhood), in partnership with Optum, will perform post-payment reviews to ensure accurate reimbursements for inpatient hospitals.

Q: Will any other facilities be audited?

A: Optum will only be auditing inpatient medical facilities as part of this review.

Q: How will the review work?

A: Optum's program will include a post-payment review of one year's worth of claims and then a monthly ongoing review. The reviews will validate the accuracy of claims reimbursed under the diagnosis related group (DRG) reimbursement methodology, aligned with the terms outlined in the provider's agreement.

Q: What lines of business will be impacted?

A: This validation will apply to the **Commercial and INTEGRITY lines of business**. This initiative assures the claims have been coded, billed, and paid correctly. Short stay reviews will also be conducted for **all lines of business** as part of this process.

Q: What is DRG?

A: Diagnosis related group is a system that categorizes patients with similar clinical diagnoses based on severity of illness, risk of mortality, prognosis, treatment difficulty, need for intervention, and resource intensity to determine reimbursement. Neighborhood uses this methodology to pay our Commercial and INTEGRITY (MMP) inpatient hospital claims.

Q: What is included in the audit?

A:

DRG Clinical Validation Audits – post pay medical record review of participating facilities to validate if the documentation supports the Medicare Severity Diagnosis Related Group (MS-DRG) submitted on the claim with the level of severity. Any appeals would be handled by Optum.

DRG Coding Audits – post pay coding review of participating facilities to validate if the coding supports the MS DRG submitted. No medical notes are requested. Any appeals would be handled by Optum.

Short-Stay Hospital Review – post pay medical record review of participating facilities to determine if member stay was inpatient level of care or observation. Short stay defined as 2-3 days. Any appeals would be handled by Optum.

Q: What do the facilities need to do?

A: Facilities do not need to do anything differently in the way they submit their claims. If Optum selects a claim for medical record review, they will be sending a letter to the provider with details on what is needed and where to send it. If Optum determines that a claim is coded incorrectly based on one of the above criteria, the claim will be adjusted by Neighborhood's claims department at the correct DRG or changed to an observation status for short stay review. If the claim is adjusted, the

provider will have the right to appeal directly to Optum and there will be a dedicated phone line for Neighborhood providers.