



**MYERS AND  
STAUFFER** LC  
CERTIFIED PUBLIC ACCOUNTANTS



# Audit Preparedness

*Presented By: Regan McTier  
Myers and Stauffer LC*



## ■ WHO ARE WE?

- CPA Firm that specializes in governmental clients

***“Myers and Stauffer provides professional accounting, consulting, data management and analysis services to state and federal agencies managing government-sponsored health care programs. The firm’s health care practice has helped more than 47 state Medicaid programs”***

- 18 offices providing services to 49 state clients and CMS supporting various programs including the Medicaid Electronic Health Records (EHR) Incentive Program
- Contracted by the Washington State Health Care Authority (HCA) to conduct post payment auditing services related to Eligible Hospital (EH) Medicaid EHR incentive payments
- [www.mslic.com](http://www.mslic.com)



## ■ WHAT IS THE GOAL OF THE EH POST PAYMENT AUDIT?

The goal of the post payment audit is to ensure the hospital's payment is **accurate** and in **compliance** with the program requirements.

The goal is **NOT** to recoup incentive payments.



## ■ POST PAYMENT PROCESS

- An intent to audit letter was sent to each hospital by the Washington HCA informing them of the upcoming post payment audit.
- Myers and Stauffer will send an audit notification letter to each hospital contact via certified mail 4 weeks after HCA's letter is sent. The Myers and Stauffer notification letter outlines the documentation needed for the audit.
- Myers and Stauffer will reach out to each hospital by telephone after the notification letters are mailed. We will also send each hospital a copy of the letter via email.
- Hospitals will have 14 calendar days from the date they receive Myers and Stauffer's letter to submit documentation for the audit.
- Documentation containing PHI must always be submitted **securely** to Myers and Stauffer. We will create a free user account to submit files through our Secure File Transfer Protocol site (SFTP).



## ■ POST PAYMENT PROCESS

- Myers and Stauffer will review the documentation and may make follow-up requests. Once sufficient documentation is obtained, Myers and Stauffer will recalculate the hospital's aggregate incentive payment using the documentation submitted.
- Once Myers and Stauffer has recalculated the aggregate payment, a summary of findings is sent to the hospital for their review. The hospital will then have the opportunity to ask questions or submit additional documentation.
- Once the hospital has had time to review the summary of findings, Myers and Stauffer will report the results of the audit to Washington HCA. The hospital will receive a letter with the final results of the audit.



## ■ WHAT DO YOU NEED TO DOCUMENT?

### Payment Calculation

- All **discharges for the base year and three prior years** and their respective visit types. This is used to calculate the hospital's growth rate.
- The **acute Medicaid and Medicaid managed care days for the base year**. This is used to calculate the numerator of the acute Medicaid share calculation.
- The **total acute days for the base year**. This is used to calculate the denominator of the acute Medicaid share calculation.
- The hospital's **total hospital charges** which are the total charges at the hospital's full established rates for the provision of patient care services before deductions from revenue are applied.
- The hospital's **charity care charges** which includes all write-offs associated with services rendered to individuals determined prior to service delivery unable to pay.



## ■ WHAT DO YOU NEED TO DOCUMENT?

### **For the base year and 3 prior years of discharges:**

A detailed discharge report that includes patient name or unique ID, discharge date, and visit type.

- Examples of how visit type can be identified:
  - Revenue codes
  - Nursing station
  - Internal hospital codes
  - Internal service names/categories



## ■ WHAT DO YOU NEED TO DOCUMENT?

### **For the acute Medicaid and Medicaid managed care days:**

A detailed report that includes patient name or unique ID, admit date, discharge date, Medicaid payment amount\* and visit type.

- Examples of how visit type can be identified:
  - Revenue codes
  - Nursing Station
  - Internal hospital codes
  - Internal service names/categories

\*This includes primary, secondary and tertiary Medicaid payments.

\*Also, please include a field to indicate if a patient was dually-eligible for Medicare and Medicaid.



## ■ WHAT DO YOU NEED TO DOCUMENT?

### **For the total acute days:**

A detailed report that includes patient name or unique ID, admit date, discharge date, payor type/insurance class, and visit type.

- Examples of how visit type can be identified:
  - Revenue codes
  - Nursing Station
  - Internal hospital codes
  - Internal service names/categories

\*The **acute Medicaid and Medicaid managed care** days report can be a subsection of the **total acute days** report.



## ■ WHAT DO YOU NEED TO DOCUMENT?

### **For total hospital charges and charity care charges:**

- Trial balance
- General ledger
- Income statement
- Worksheet C detail



## ■ WHAT DO YOU NEED TO DOCUMENT?

All documentation should be:

- For the appropriate time period
- Legible
- Complete
- Discharge and acute days documentation should be submitted in a Microsoft Excel file



## ■ AUTHORITY

### **THE HIPAA PRIVACY RULE** - U.S. Department of Health and Human Services

***Health Oversight Activities.*** Covered entities may disclose protected health information to health oversight agencies (as defined in the Rule) for purposes of legally authorized health oversight activities, such as **audits** and investigations necessary for oversight of the health care system and government benefit programs.

## ■ TIPS FOR A POSITIVE AUDIT EXPERIENCE

- Upload detailed support using secure FTP account.
- Communicate with Myers and Stauffer staff via email and phone.
- Meet deadlines as requested. If a deadline cannot be met, communicate with Myers and Stauffer team immediately.

## ■ TIPS FOR A POSITIVE AUDIT EXPERIENCE

- Know the definition of “**base year**”:
  - Defined as the facility’s fiscal year that ends during the prior federal fiscal year for the applicable payment year. Please see the examples below:

Step		Example 1	Example 2	Example 3
1	What initial program year did the EH attest for?	2011	2012	2011
2	What is the FEDERAL fiscal year for the program year?*	10/1/2010 to 9/30/2011	10/1/2011 to 9/30/2012	10/1/2010 to 9/30/2011
3	Determine the federal fiscal year immediately prior to step 2	10/1/2009 to 9/30/2010	10/1/2010 to 9/30/2011	10/1/2009 to 9/30/2010
4	What is the facility's fiscal year end?	9/30	6/30	12/31
5	Base Year: The facility’s fiscal year (step 4) that ends during the prior federal fiscal year (step 3).	10/1/2009 to <b>9/30/2010</b>	7/1/2010 to <b>6/30/2011</b>	1/1/2009 to <b>12/31/2009</b>

*\*Federal Fiscal Years always begin 10/1 and end 9/30*



## ■ TIPS FOR A POSITIVE AUDIT EXPERIENCE

- Know the definition of an **acute inpatient bed-day**:
  - 1) The date the patient was admitted and each subsequent day the patient stays in the acute care portion of the hospital.
  - 2) The acute care portion of the hospital is defined as the portion of the hospital that receives Medicare payment under the inpatient PPS.
  - 3) The day of discharge is not included as a bed-day unless the patient was admitted and discharged on the same day



## ■ TIPS FOR A POSITIVE AUDIT EXPERIENCE

- Know the definition of an **acute Medicaid inpatient bed-day**:
  - 1) The date the patient was admitted and each subsequent day the patient stays in the acute care portion of the hospital for which Medicaid paid at least \$0.01.
  - 2) The day of discharge is not included as a Medicaid bed-day unless the patient was admitted and discharged on the same day.
  - 3) Does not include Medicaid dual eligible acute inpatient bed-days.  
*(days paid by Medicare Part A or Medicare Part C as well as Medicaid)*
  - 4) Does not include CHIP days.  
*(Washington will use a CHIP factor to remove CHIP days from acute Medicaid inpatient bed-days. Hospitals should include CHIP days in the documentation and the factor will be applied to adjust the acute Medicaid days total.)*



## ■ TIPS FOR A POSITIVE AUDIT EXPERIENCE

- Know what must be excluded from **total hospital charges** and **charity care** :
  1. Charges related to hospital-based physician services should be removed from the **total hospital charges**. (e.g., professional fees, physician fees, hospitalist fees, etc.)
  2. Bad debt, professional/hospitalist fees, and contractual allowances must all be excluded from the **total charity care charges**.



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## ■ CONTACT INFORMATION

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## ■ QUESTIONS

