



Clinical Claim Review

Observation Review

Reduce billing errors with this medical record review.

Research indicates a dramatic rise in observation stays, particularly since the Centers for Medicare and Medicaid Services (CMS) began penalizing hospitals for inpatient readmissions. Although readmission rates have reportedly dropped an average of 26%, observation rates continue to increase.

HMS performs a medical record review of targeted observation claims that may be billed in error to identify potential overpayments.

Reimbursement for long lengths of stay under the outpatient reimbursement methodology can result in higher paid claims than an inpatient diagnosis-related group (DRG) payment. This is because services are not “bundled” when billing outpatient, as they are in an inpatient DRG payment.

CMS has guidelines surrounding billing for observation level of care. Observation services require a physician order. In addition, there are specific criteria surrounding the billing of observation codes related to duplication with other codes that include observation (such as administration of chemotherapy and monitoring during diagnostic testing).

HMS performs a medical record review of targeted observation claims that may be billed in error to identify potential overpayments. Observation claims will be reviewed for all of the following potential issues:

- Verification there is a physician order for observation level of care;

- Verification for long lengths of stay, to confirm the stay was appropriately billed under the outpatient payment methodology
- Verification that observation hours were accurately billed and do not overlap with other observation/monitoring codes

Advantages

- Advanced analytics target high value cases for review
- Seasoned clinical reviewers use knowledge of observation criteria and guidelines

Features

- Utilizes post-payment review approach; can be used on pre-payment basis if client reimbursement allows
- Associates no member liability with findings
- Customizes to reflect your reimbursement policy and/or specific provider contract terms
- Includes full support for rebuttals and appeals

Contact HMS for medical record reviews of observation claims.

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HMS provides the broadest range of cost containment solutions in healthcare to help payers and accountable care organizations improve performance. Using innovative and time-tested technology and analytics, we prevent and recover improper payments related to fraud, waste, and abuse. As a result of our services, customers recoup billions of dollars every year and save billions more through the prevention of erroneous payments.