

# Cost Avoidance Examples

**\*\*As of June 05, 2018\*\***

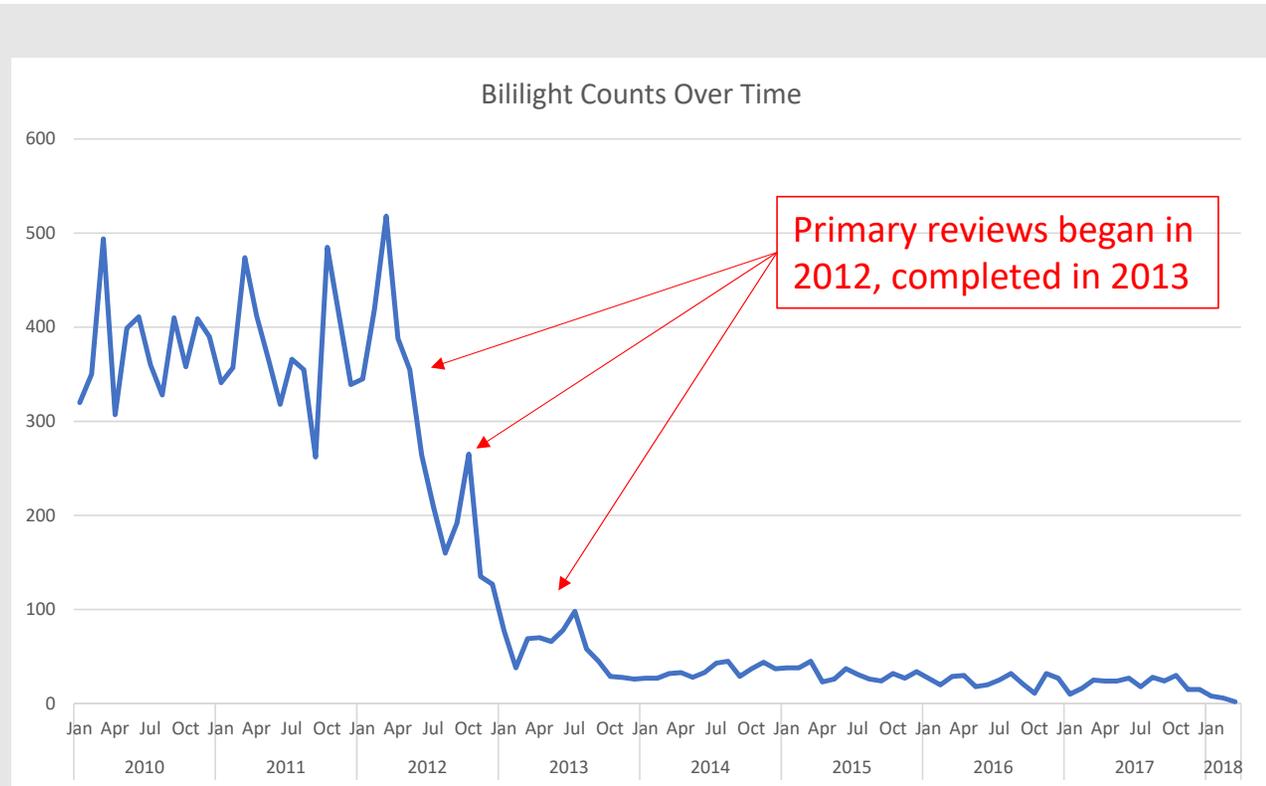
**Not all projects complete**

# Cost Avoidance Methodology Snapshot

1. Identify concern
  - DRG 790
2. Establish time periods
  - Three Years Total
3. Investigation/Review
  - Medical Review conducted
4. Establish Behavior Change Over Time (pre/post review results)
  - Reimbursements and procedure counts monitored
5. Compare pre/post review results
  - Reimbursements compared
6. Calculate differences in provider behavior before and after review
  - Cost avoidance calculated on a yearly basis and projected three years maximum, unless it is an ongoing investigation

# Bilirubin Lights: Used to treat Jaundice

- Three years data was examined before and after the review
- Prior to the review there were ~\$652,000 in reimbursements, following the review this was reduced to ~\$241,000
- This is a reduction of ~\$411,000 or \$137,000 annually
- Average monthly reimbursements went from ~\$18,000 to ~\$6,700

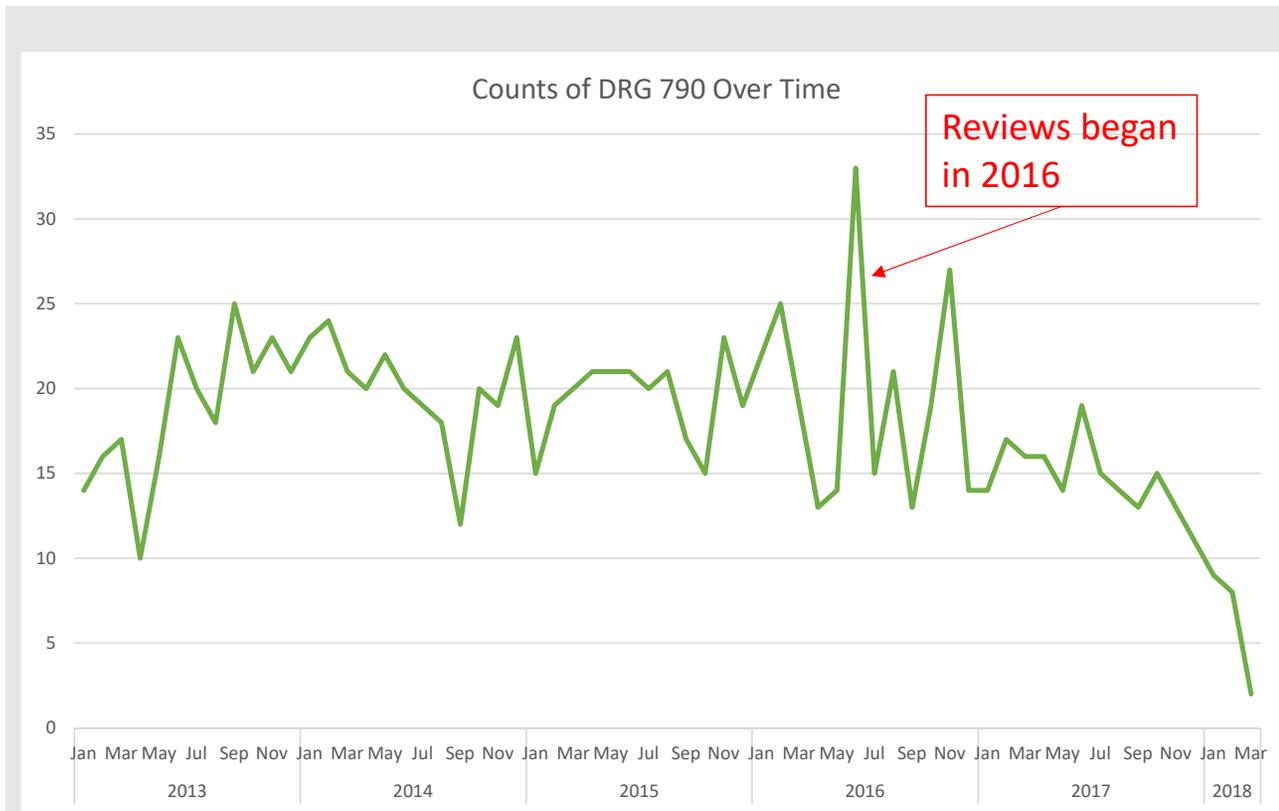


Cost Avoidance:	Count	Reimbursements
Pre Review	12400	\$652,288.40
Post Review	1478	\$240,704.22
Difference	10922	\$411,584.18
Monthly Difference:	303	\$11,432.89
Yearly Difference:	3641	\$137,194.73
Three Year Projection:	10922	\$411,584.18

# DRG 790

(Extreme Immaturity or Respiratory Distress Syndrome)

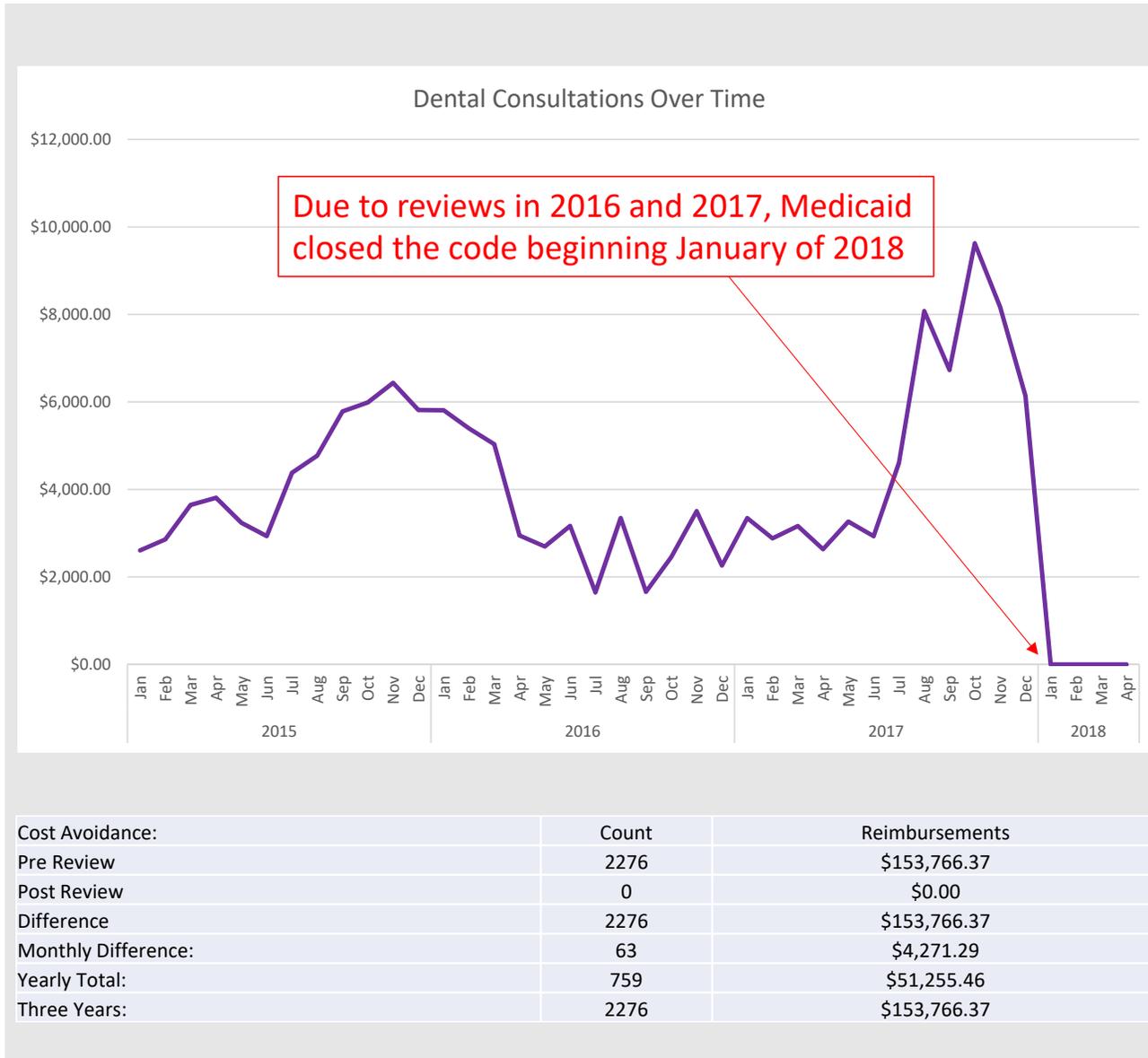
- Three years (total) of data were used
- Prior to the review there were ~\$25,000,000 in reimbursements, following the review this was reduced to ~\$21,600,000
- This is a reduction of ~\$3,400,000 or \$2,200,000 annually
- Average monthly reimbursements went from ~\$1,400,000 to ~\$1,200,000 equaling ~\$6,800,000 over three years



Cost Avoidance:	Count	Reimbursements
Pre Review	358	\$25,041,983.90
Post Review	286	\$21,630,591.25
Difference	72	\$3,411,392.65
Monthly Difference:	4	\$189,521.81
Yearly Total:	48	\$2,274,261.77
Three Years:	144	\$6,822,785.30

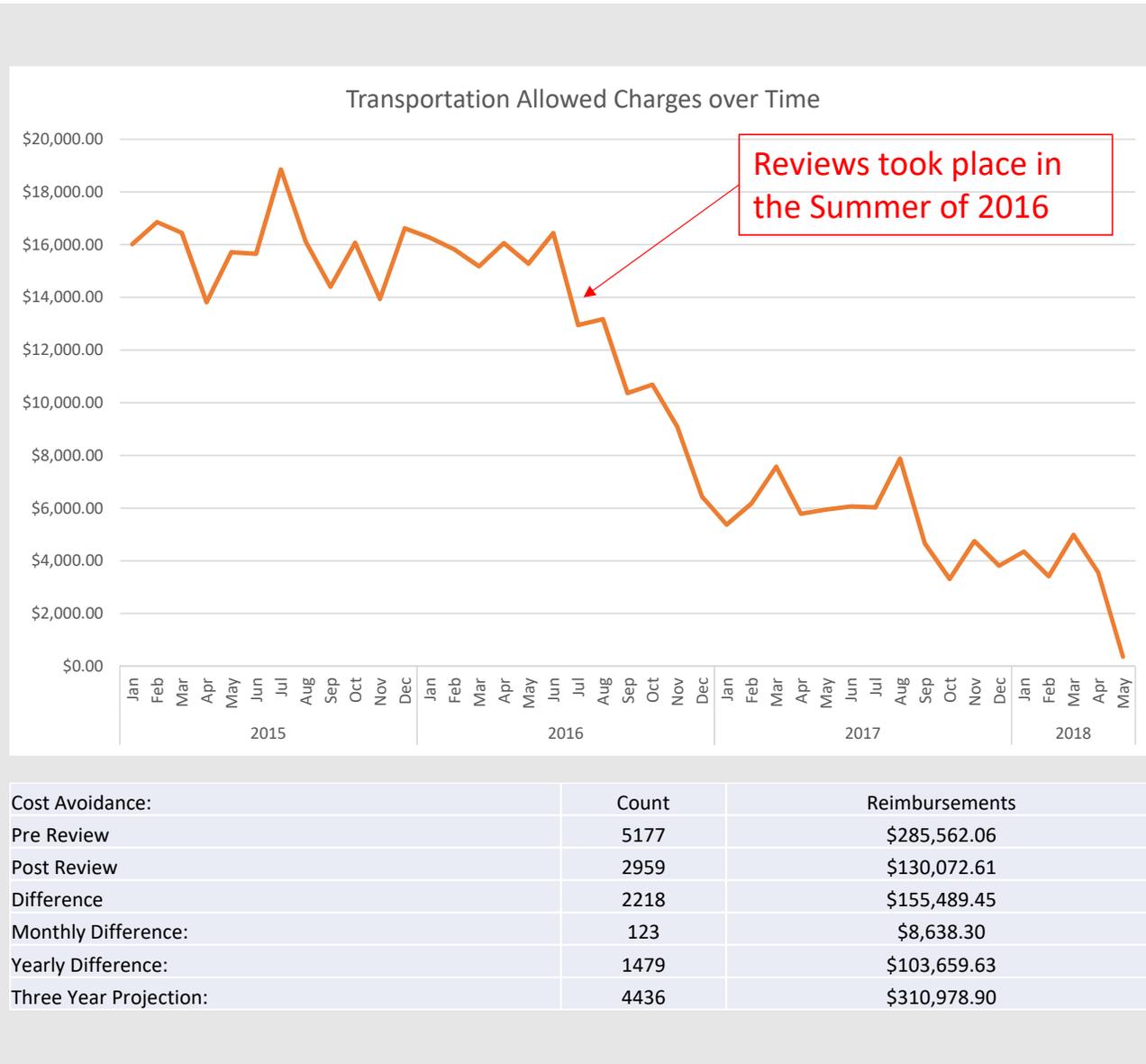
# Dental Consultations

- Three years (total) of data were used
- Prior to the review there were ~\$153,766.37 in reimbursements, following the review this was reduced to ~\$0.00
- This is a reduction of ~\$51,255.46 annually
- Average monthly reimbursements went from ~\$4,000 to ~\$0 equaling ~\$154,000 over three years



# A Transportation Company

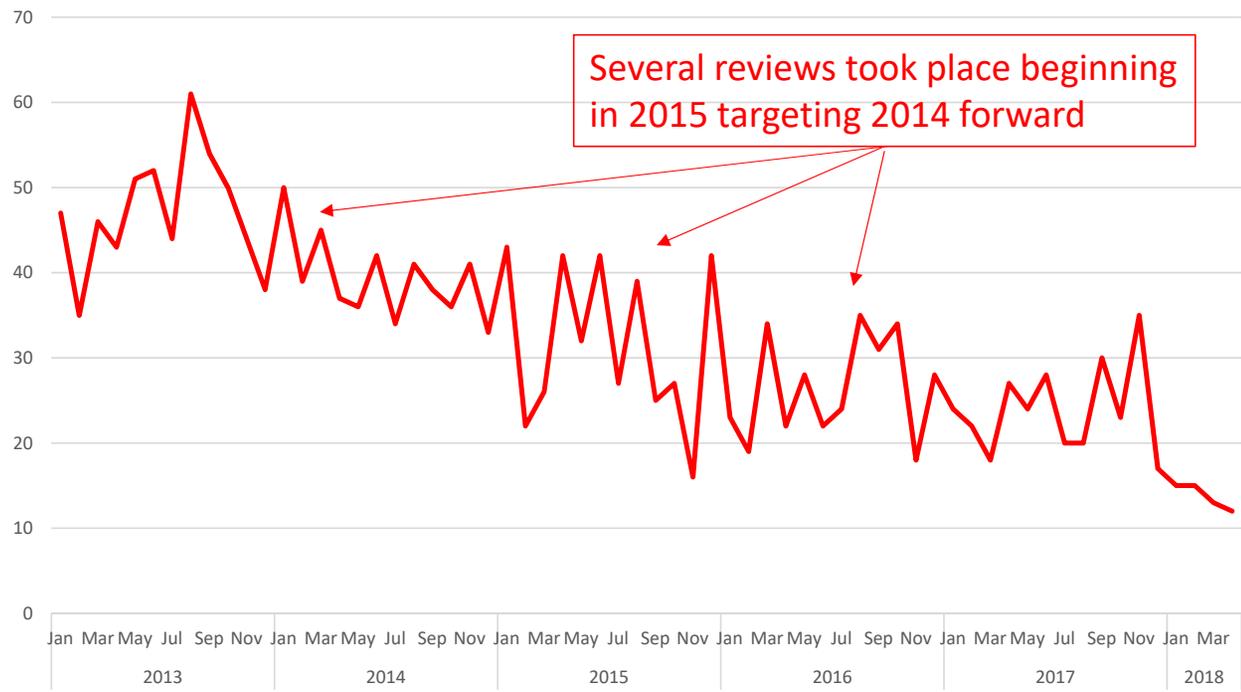
- Three years (total) of data were used (18 months pre and post review)
- Prior to the review there were ~\$285,562 in reimbursements, following the review this was reduced to ~\$130,073.
- This is a reduction of ~\$103,660 annually
- Average monthly reimbursements went from ~\$16,000 to ~\$7,000 equaling ~\$310,978 over three years



# Reimbursed Exceeds Charges (Inpatient)

- Four years (total) of data were used (24 months pre and post review)
- Prior to the review there were ~\$8,660,984 in reimbursements, following the review this was reduced to ~\$5,863,148.
- This is a reduction of ~\$1,398,918.05 annually
- Average monthly reimbursements went from ~\$360,874 to ~\$244,297 equaling ~\$4,196,754 over three years

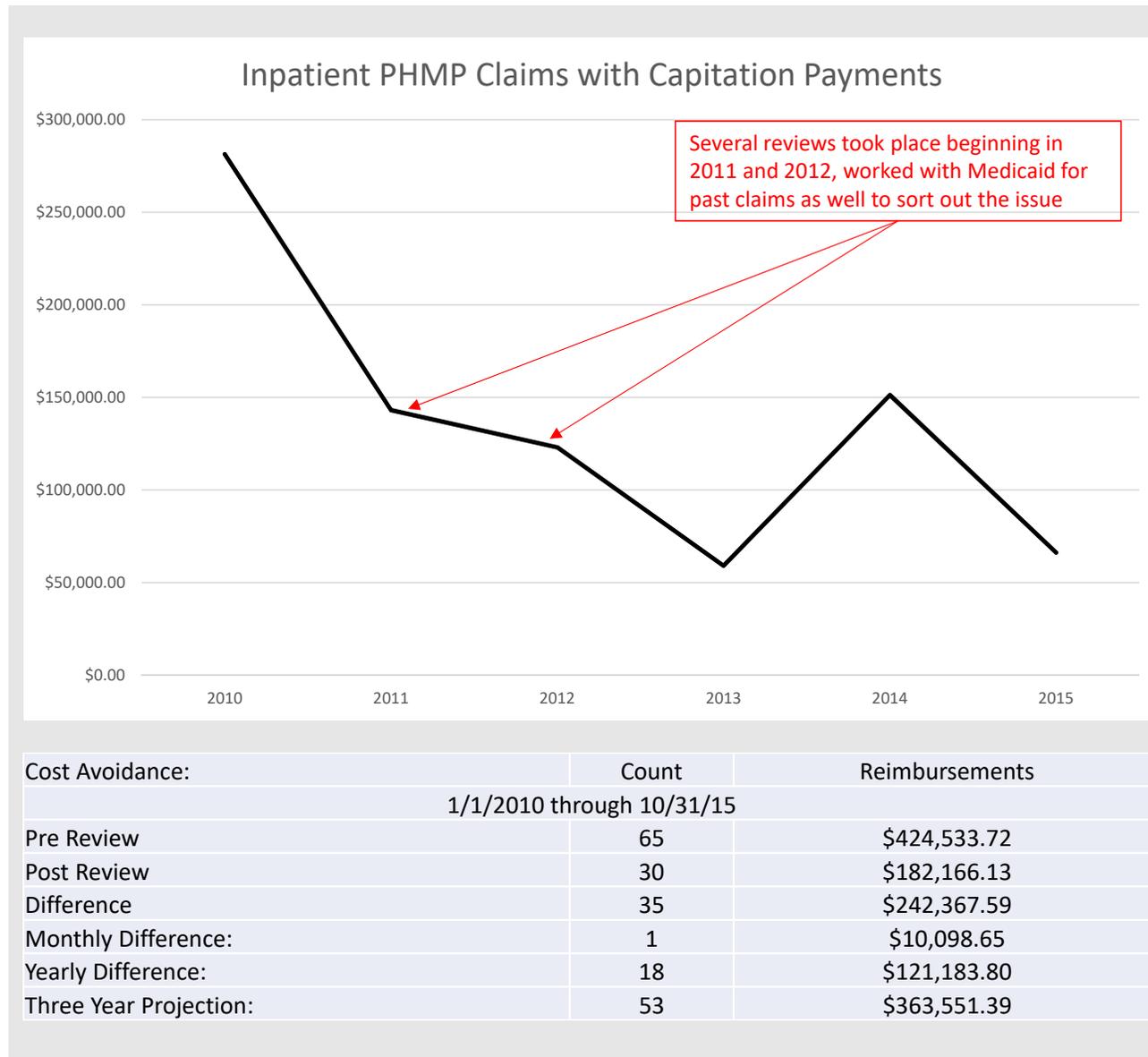
Inpatient Reviews (Reimbursed Exceeds Charges) over Time



Cost Avoidance:	Count	Reimbursements
Pre Review	855	\$8,660,983.90
Post Review	606	\$5,863,147.80
Difference	249	\$2,797,836.10
Monthly Difference:	10	\$116,576.50
Yearly Difference:	125	\$1,398,918.05
Three Year Projection:	374	\$4,196,754.15

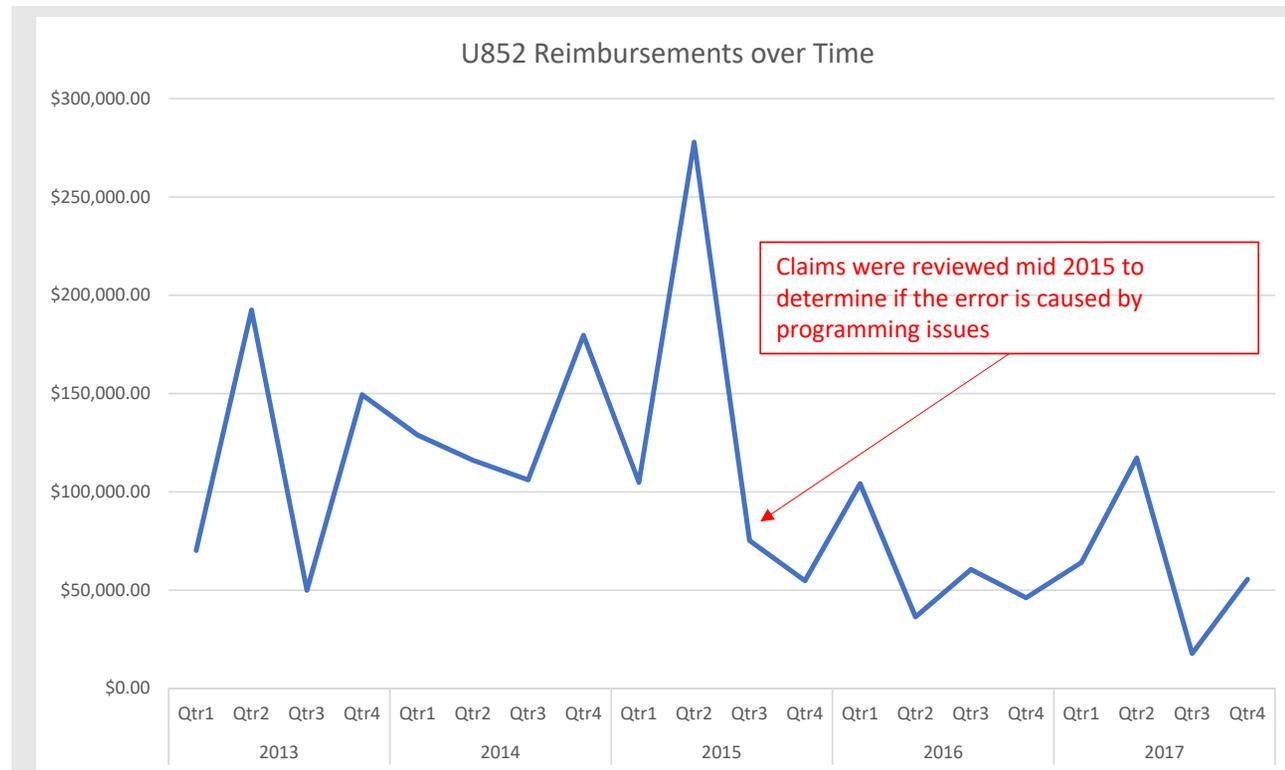
## PMHP and Capitated Payments (Inpatient)

- Two years (total) of data were used (12 months pre and post review)
- Prior to the review there were ~\$138,723.55 in reimbursements, following the review this was reduced to ~\$84,504.64.
- This is a reduction of ~\$54,219 annually
- Average monthly reimbursements went from ~\$17,340 to ~\$10,560 equaling ~\$162,656.73 over three years



# U852

- Five years (total) of data were used (30 months pre and post review)
- Prior to the review there were ~\$1,375,301 in reimbursements, following the review this was reduced to ~\$631,739.
- This is a reduction of ~\$743,562 annually
- Average Quarterly reimbursements went from ~\$45,843 to ~\$21,057 equaling ~\$892,273.82 over three years

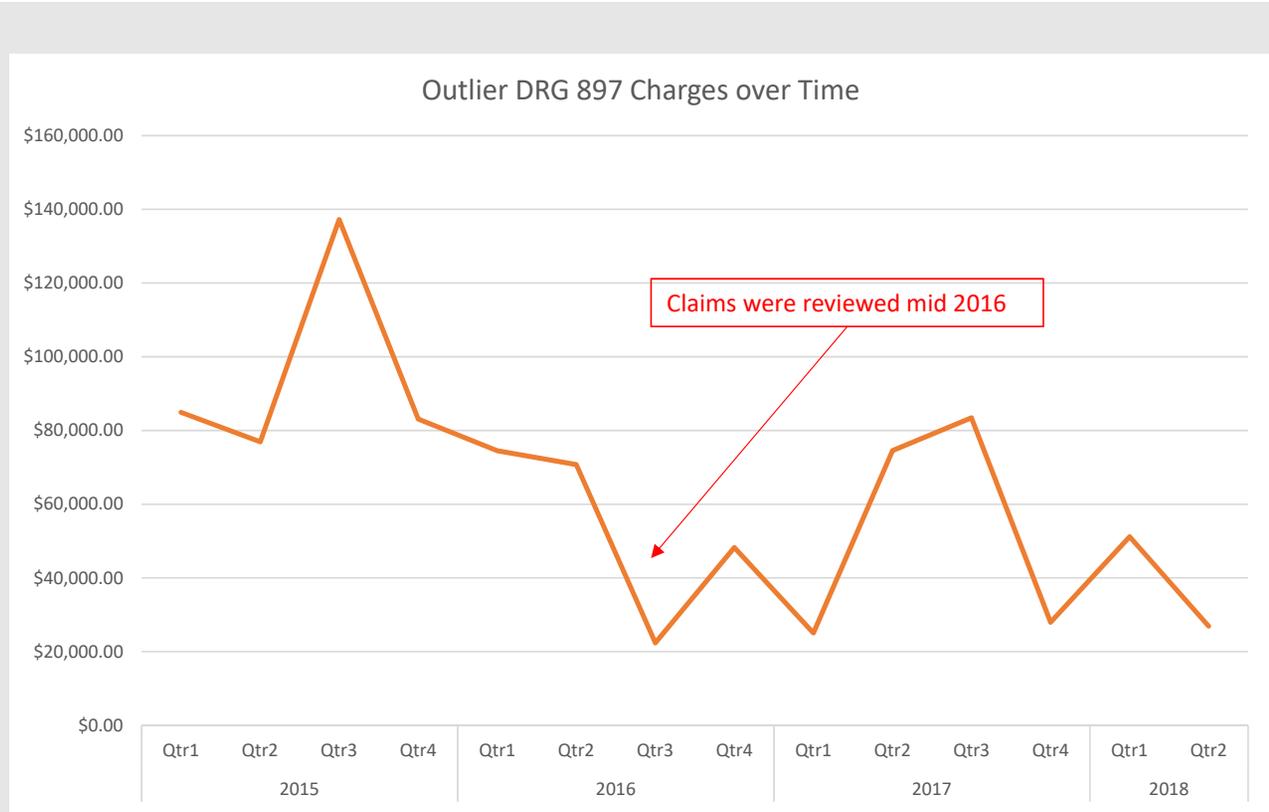


Cost Avoidance:	Count	Reimbursements
Pre Review	227	\$1,375,300.93
Post Review	145	\$631,739.41
Difference	82	\$743,561.52
Monthly Difference:	3	\$24,785.38
Yearly Difference:	33	\$297,424.61
Three Year Projection:	98	\$892,273.82

# DRG 897

(Alcohol/drug abuse or dependence without rehabilitation therapy)

- Three years (total) of data were used (18 months pre and post review)
- Prior to the review there were ~\$527,436 in reimbursements, following the review this was reduced to ~\$281,642
- This is a reduction of ~\$245,794 annually
- Average Quarterly reimbursements went from ~\$40,572 to ~\$23,470 equaling ~\$491,587 over three years

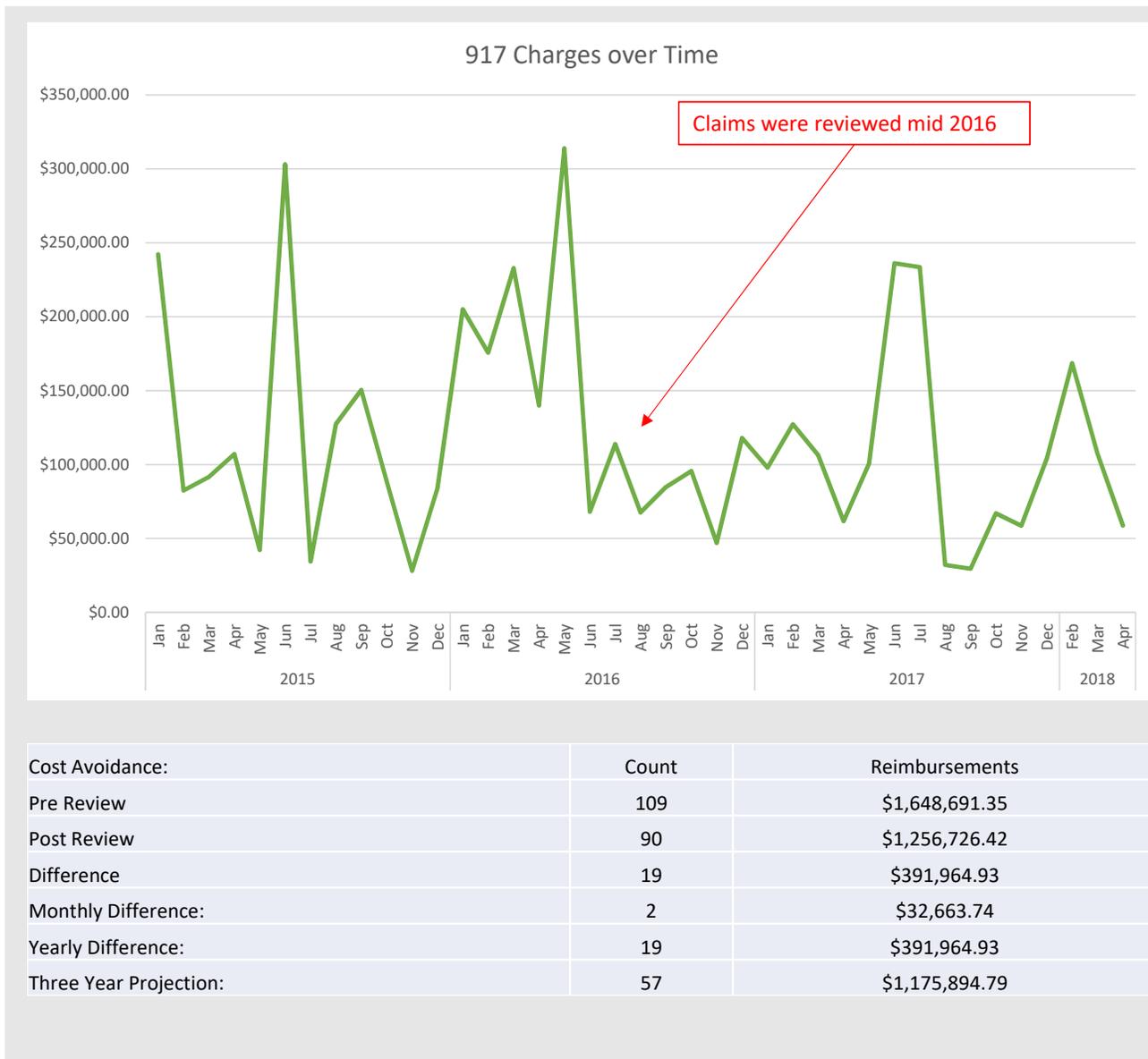


Cost Avoidance:	Count	Reimbursements
Pre Review	13	\$527,435.51
Post Review	12	\$281,641.82
Difference	1	\$245,793.69
Monthly Difference:	0	\$13,655.21
Yearly Difference:	1	\$163,862.46
Three Year Projection:	2	\$491,587.38

# DRG 917

(Poisoning & Toxic Effects of Drugs)

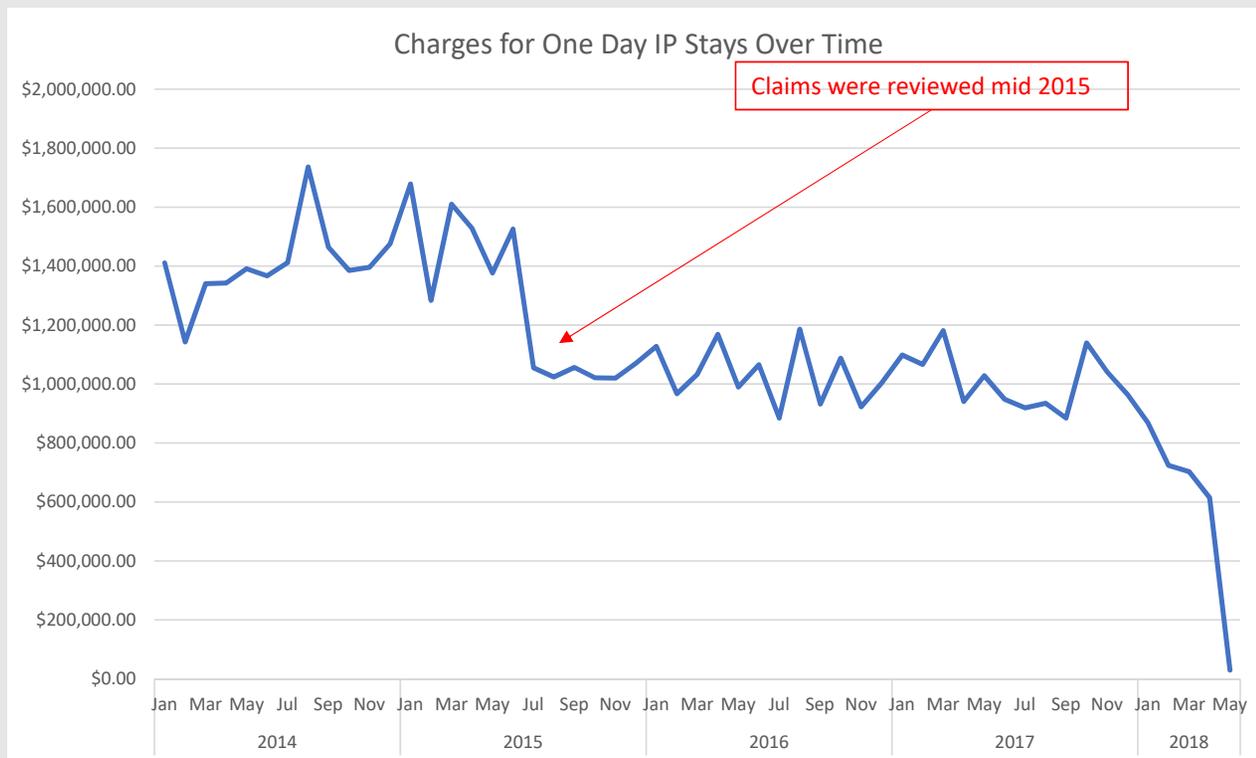
- Two years (total) of data were used (12 months pre and post review)
- Prior to the review there were ~\$1,648,691 in reimbursements, following the review this was reduced to ~\$1,256,726
- This is a reduction of ~\$391,965 annually
- Average Monthly reimbursements went from ~\$137,391 to ~\$104,727 equaling ~\$1,175,895 over three years



Cost Avoidance:	Count	Reimbursements
Pre Review	109	\$1,648,691.35
Post Review	90	\$1,256,726.42
Difference	19	\$391,964.93
Monthly Difference:	2	\$32,663.74
Yearly Difference:	19	\$391,964.93
Three Year Projection:	57	\$1,175,894.79

## One Day Stays

- Three years (total) of data were used (18 months pre and post review)
- Prior to the review there were ~\$25,867,137 in reimbursements, following the review this was reduced to ~\$18,615,738
- This is a reduction of ~\$4,834,266 annually
- Average Monthly reimbursements went from ~\$1,437,063 to ~\$1,034,208 equaling ~\$14,502,798 over three years



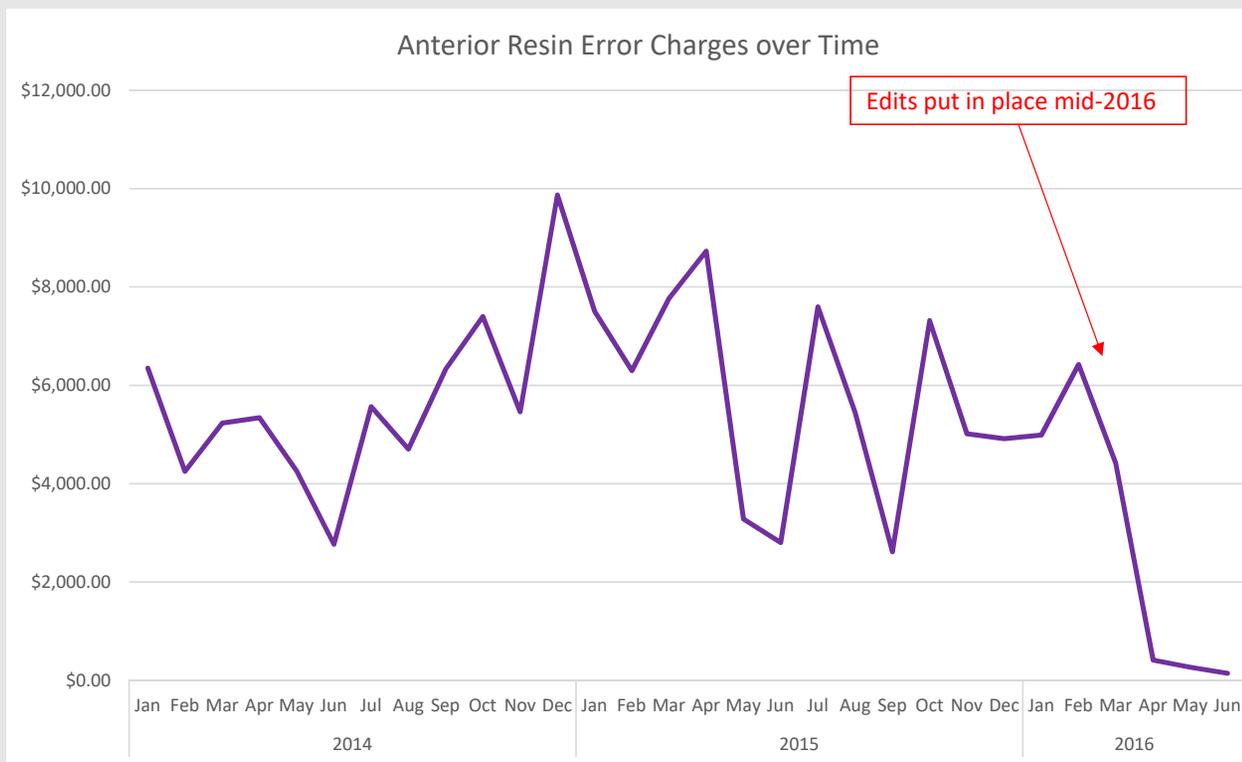
Cost Avoidance:	Count	Reimbursements
Pre Review	8999	\$25,867,136.94
Post Review	5867	\$18,615,737.56
Difference	3132	\$7,251,399.38
Monthly Difference:	174	\$402,855.52
Yearly Difference:	2088	\$4,834,266.25
Three Year Projection:	6264	\$14,502,798.76



# Anterior Resin Restorations

(Dentistry - fillings)

- Calendar years 2014 through 2016 were used
- Edits were put in place March of 2016 which eliminated virtually all of the errors
- Prior to the review there were ~\$152,622 in reimbursements, following the review this was reduced to ~\$0
- This is a reduction of ~\$67,832 annually
- Average Monthly reimbursements went from ~\$5,653 to ~\$0

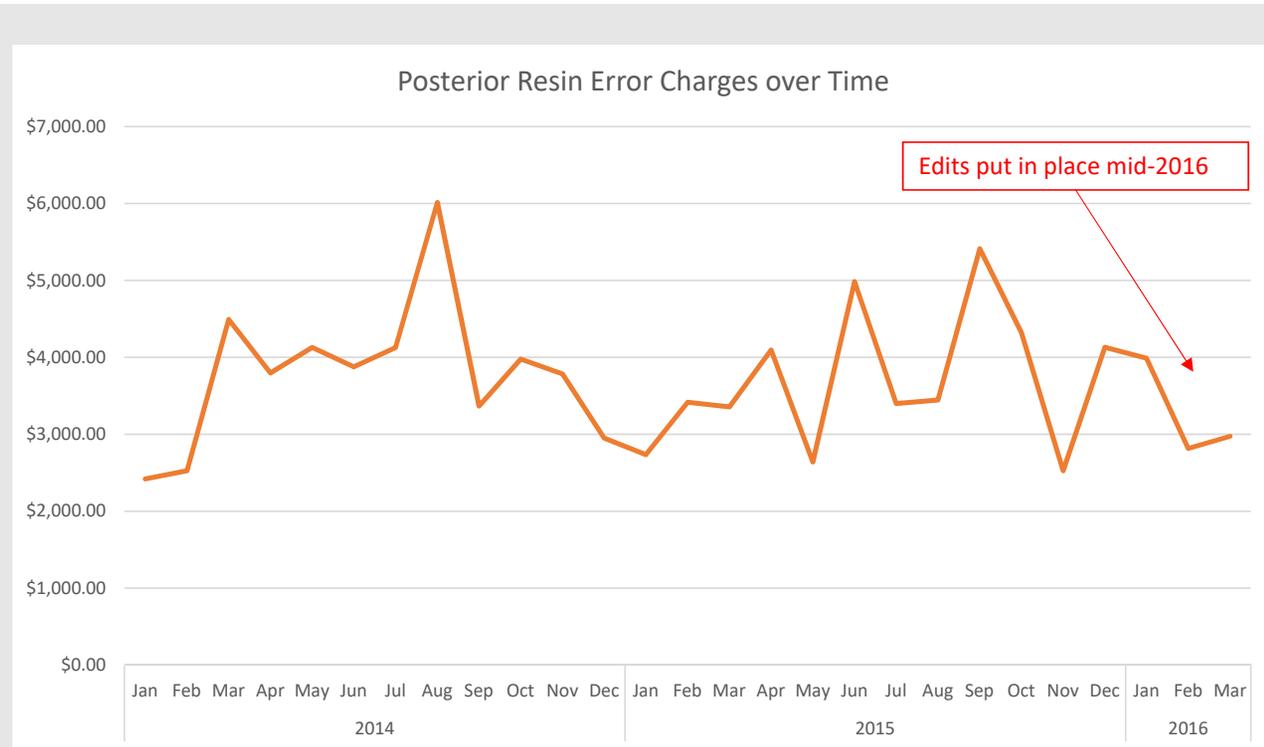


Cost Avoidance:	Count	Reimbursements
Pre Review	1074	\$152,622.11
Post Review	0	\$0.00
Difference	1074	\$152,622.11
Monthly Difference:	40	\$5,652.67
Yearly Difference:	477	\$67,832.05
Three Year Projection:	1432	\$203,496.15

# Posterior Resin Restorations

(Dentistry - fillings)

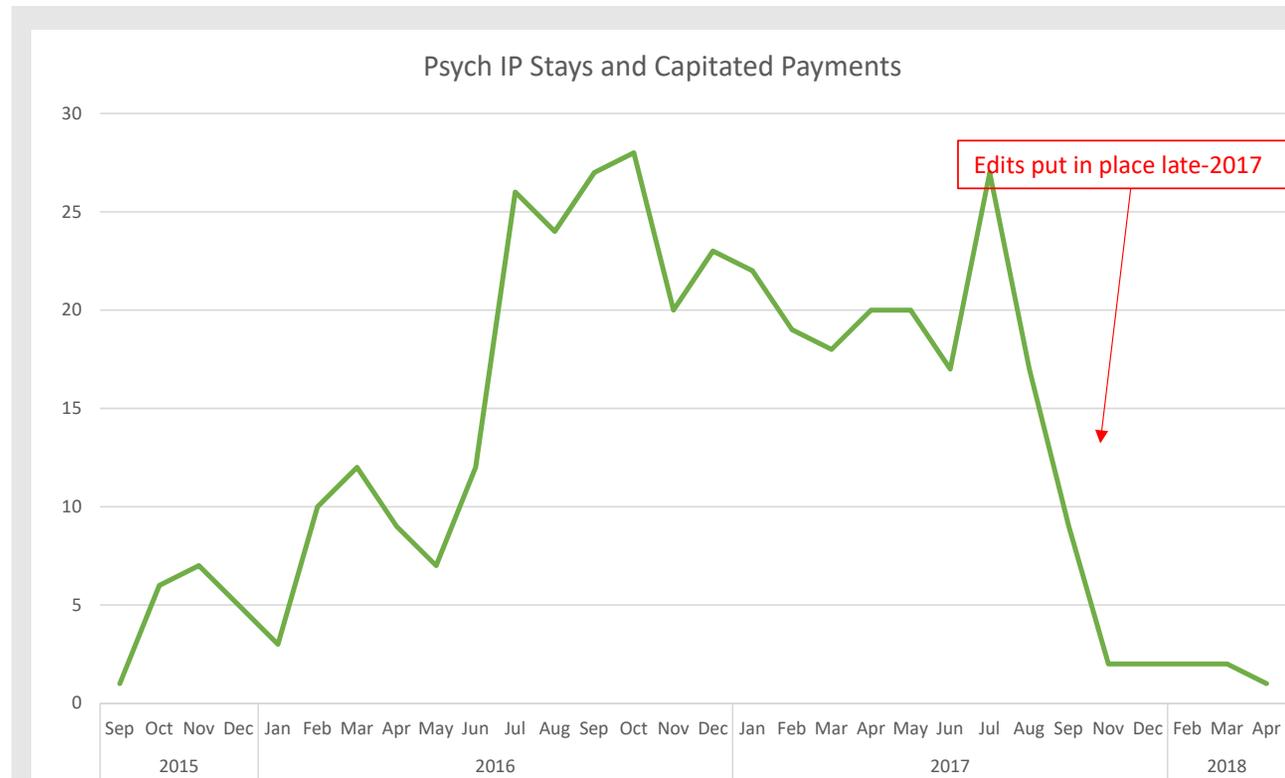
- Calendar years 2014 through 2016 were used
- Edits were put in place March of 2016 which eliminated virtually all of the errors
- Prior to the review there were ~\$99,702 in reimbursements, following the review this was reduced to ~\$0
- This is a reduction of ~\$44,312 annually
- Average Monthly reimbursements went from ~\$3,693 to ~\$0



Cost Avoidance:	Count	Reimbursements
Pre Review	998	\$99,702.15
Post Review	0	\$0.00
Difference	998	\$99,702.15
Monthly Difference:	37	\$3,692.67
Yearly Difference:	444	\$44,312.07
Three Year Projection:	1331	\$132,936.20

# ICD10 and PMHP Capitations

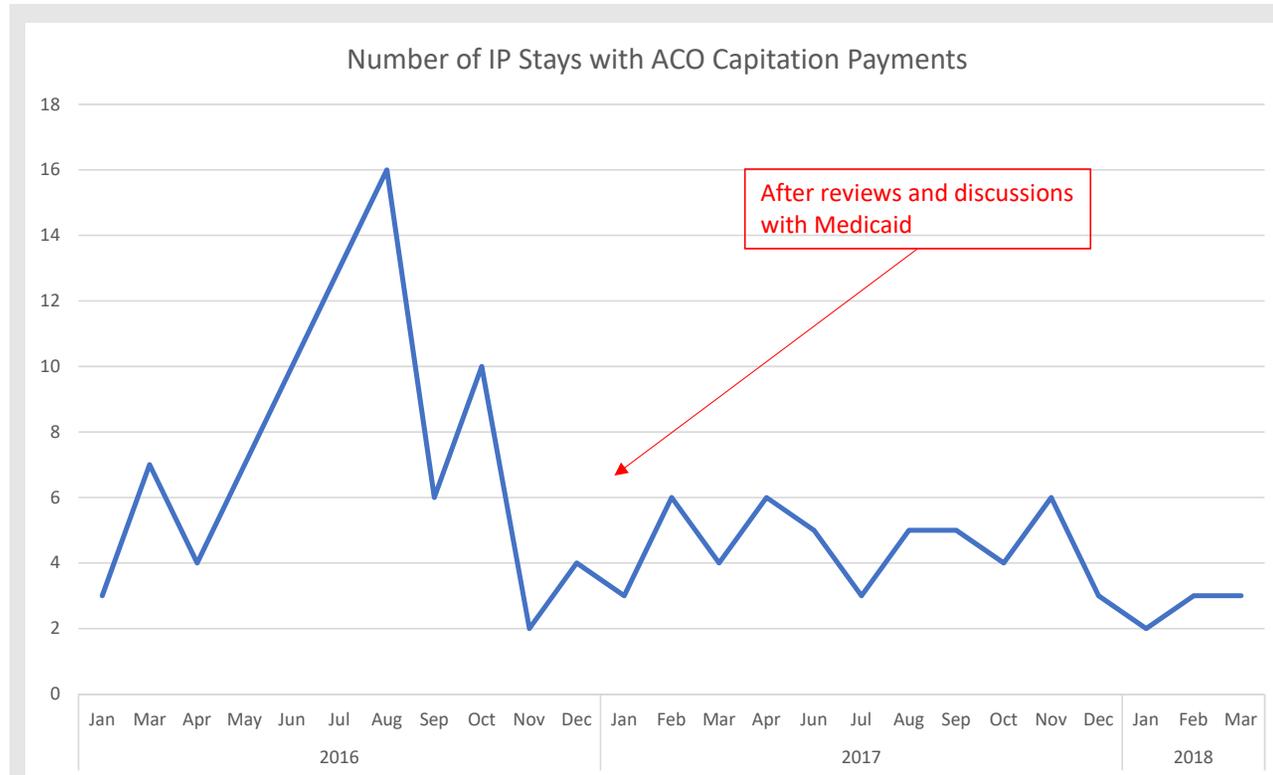
- ICD10s were implemented in October of 2015
- Edits are being constructed to stop paying for psych related IP stays
- Prior to the review, on average there were ~\$114,902 in reimbursements, following the review this was reduced to ~\$24.871
- This is a reduction of ~\$1,080,367 annually



Cost Avoidance:	Count	Reimbursements
Monthly Pre Review	16	\$114,902.63
Monthly Post Review	3	\$24,871.98
Monthly Difference	13	\$90,030.65
Yearly Difference:	156	\$1,080,367.80
Three Year Projection:	468	\$3,241,103.40

# Inpatient Stays and ACO Capitations

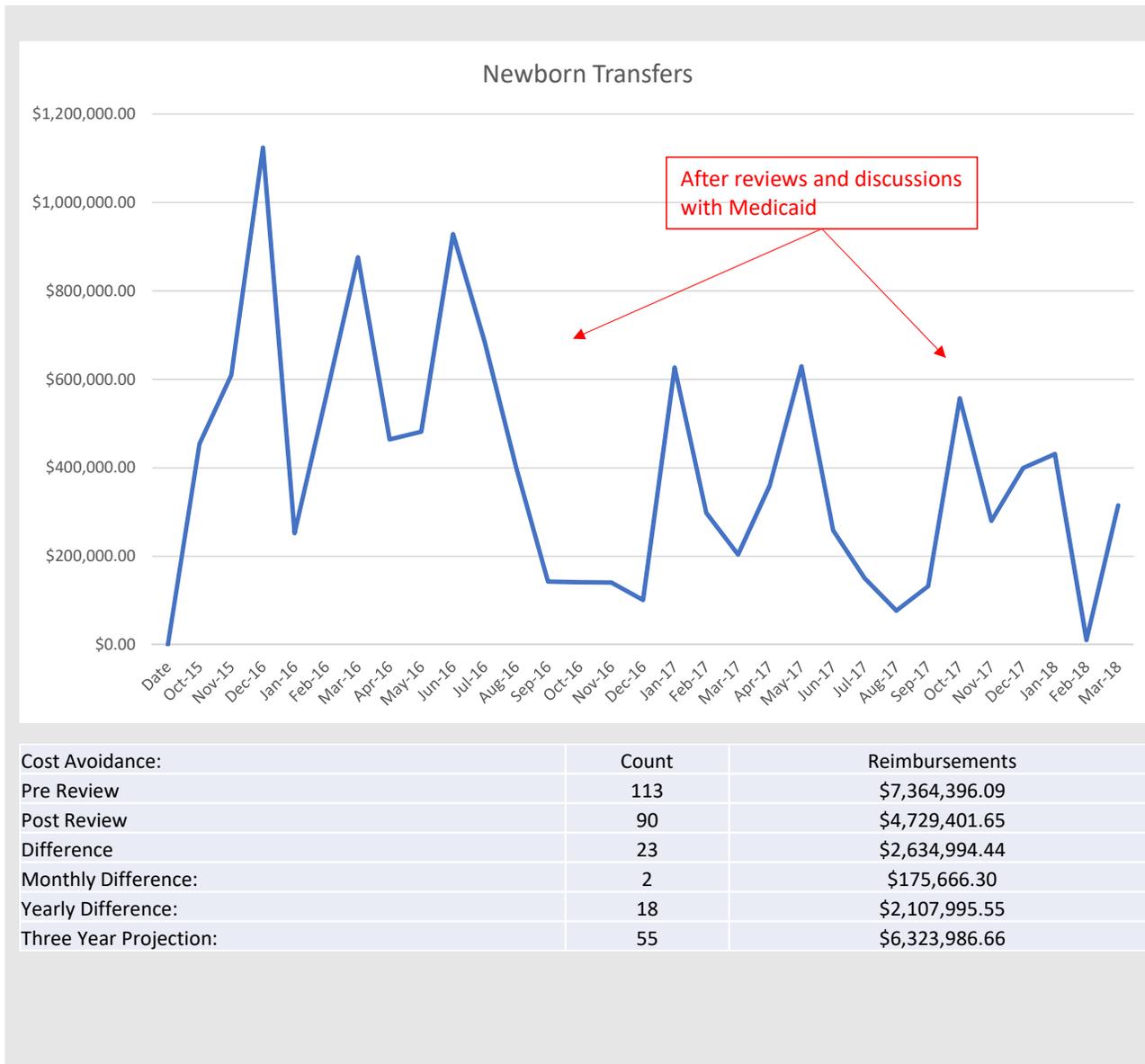
- ACOs have been billing for inpatient stays even though the recipient is one of their members
- This has been monitored since 2013, although recoveries began in/around 2015
- Prior to the reviews, there were ~\$1,031,720 in reimbursements, following the review this was reduced to ~\$725,122.47
- This is a reduction of ~\$306,598.20 annually



Cost Avoidance:	Count	Reimbursements
Pre Review	82	\$1,031,720.65
Post Review	50	\$725,122.45
Difference	32	\$306,598.20
Monthly Difference:	3	\$25,549.85
Yearly Difference:	32	\$306,598.20
Three Year Projection:	96	\$919,794.60

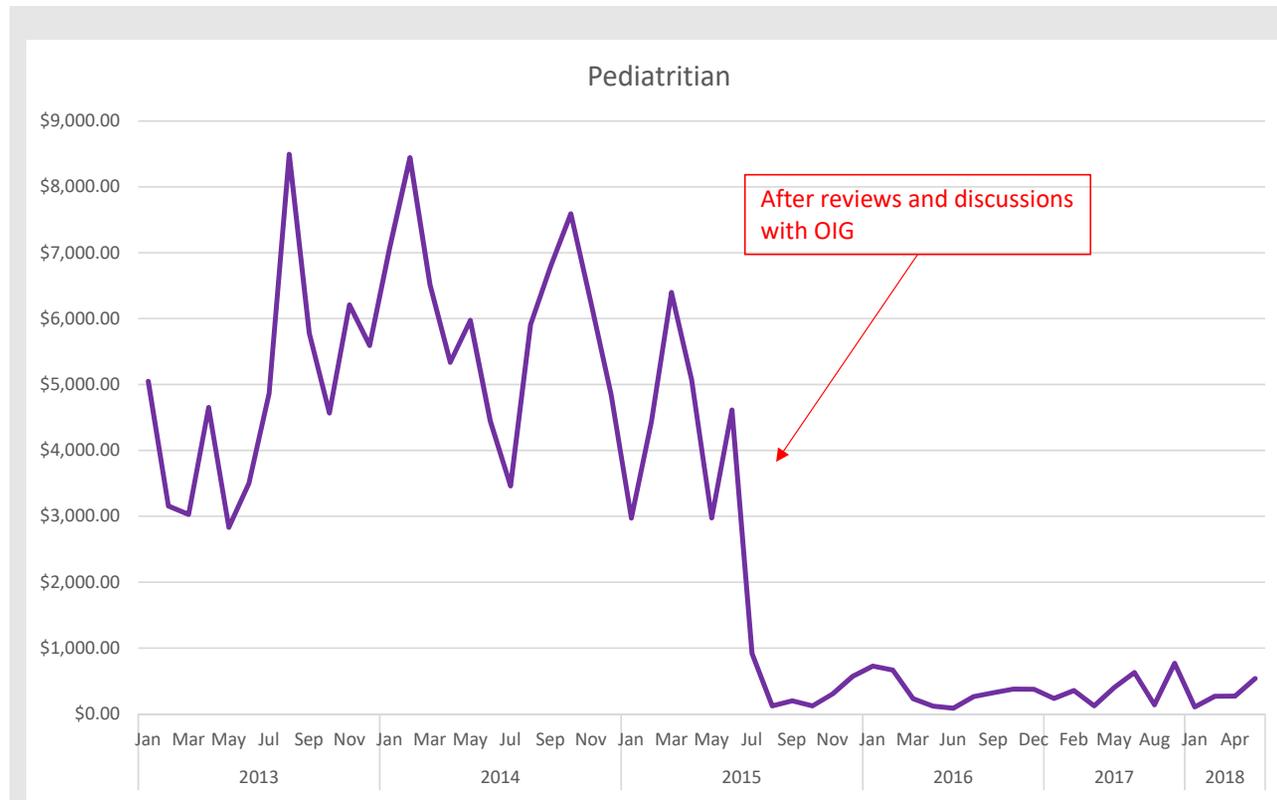
# Newborn Back Transfers

- Newborns are being transferred with the wrong status, making their payments improper
- A few investigations completed, but the primary one occurred June of 2015 through December of 2016
- Prior to the reviews, there were ~\$9,443,930.56 in reimbursements, following the review this was reduced to ~\$6,652,077.87
- This is a reduction of ~\$2,791,852.69 annually



## Tooele Pediatrician

- OIG had many concerns with this providers billings, including after hour codes and E&Ms, upon review her improper behavior has stopped
- The review began in June of 2015, at which time she stopped billing the suspect codes.
- Prior to the reviews, there were ~\$134,605.91 in reimbursements, following the review this was reduced to ~\$7,147.71
- This is a reduction of ~\$63,729.10 annually



Cost Avoidance:	Count	Reimbursements
Pre Review	2520	\$134,605.91
Post Review	101	\$7,147.71
Difference	2419	\$127,458.20
Monthly Difference:	101	\$5,310.76
Yearly Difference:	1210	\$63,729.10
Three Year Projection:	3629	\$191,187.30

# Cost Avoidance: Projected Cost Avoidance

- This graph contains all Cost Avoidance Projects calculated up to date.

