

REVENUE UTILIZATION REVIEW (RUR)

1. REASON FOR ISSUE. This Veterans Health Administration (VHA) Handbook provides information on RUR nurse functions within the VHA Consolidated Patient Account Centers (CPAC) revenue program.

2. SUMMARY OF MAJOR CHANGES. This Handbook has been revised to reflect standardization of process for revenue utilization review within CPAC organization.

3. RELATED DIRECTIVE. VHA 1601C (to be published).

4. RESPONSIBLE OFFICE. The Chief Business Office (10NB) is responsible for the contents of this VHA Handbook. Questions may be addressed to CPAC Revenue Utilization at (304) 453-2518.

5. RESCISSIONS. VHA Handbook 1601C.02, dated September 26, 2006, is rescinded.

6. RECERTIFICATION. This VHA Handbook is scheduled for recertification on or before the last working day of May 2017.

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REVENUE UTILIZATION REVIEW (RUR)

1. PURPOSE

This Veterans Health Administration (VHA) Handbook provides the procedures required for RUR functions within the Department of Veterans Affairs (VA) Consolidated Patient Account Center's (CPAC) revenue program.

2. AUTHORITY

Title 38 United States Code (U.S.C.), Section 1729, authorizes VHA to seek reimbursement from third-party health insurers for medical care provided by VA to insured Veterans for non-service connected (NSC) treatment, or to service connected (SC) Veterans for their NSC conditions. VHA must perform RUR activities under certain circumstances. VHA is authorized to implement CPACs under 38 U.S.C. 1729B.

3. BACKGROUND

a. In 2003, guidance was established standardizing the utilization review (UR) functions with third-party reimbursement responsibilities at VA health care facilities. UR in this context operates to promote improvements in patient care and to optimize the potential for the recovery of funds due VA for the provision of health care services to Veterans, dependents, and others using the VA health care system.

b. In 2004, VA's Chief Business Office (CBO) chartered a workgroup of VHA and industry experts to examine revenue enhancement strategies. This led to a pilot project to study the consolidated business model's viability within the VHA environment. In 2006, as part of this pilot program, the Mid-Atlantic CPAC in Asheville, North Carolina, significantly enhanced cash collections and achieved many of the established goals. In 2008, this strategy was formally approved by the Under Secretary for Health. Congress mandated the implementation of no more than seven CPACs by October 10, 2013. The Mid-Atlantic CPAC became the first fully-functional CPAC by the end of fiscal year (FY) 2009. The remaining CPACs are due to come online before the end of FY 2012. CPAC RUR is a process of systematic evaluation and analytical review of clinical information to optimize recovery of funds to which VA is authorized to recover or collect for the provision of health care services while facilitating improvements in the provision of patient care.

c. RUR is a prominent tool for controlling costs in today's health care environment and is designed to optimize revenue and provide customer service to the Veteran. Some insurance companies, depending on the type of service, require contact from a RUR nurse before or at the time service is rendered for an insured patient to obtain approval based on clinical criteria to support medical necessity.

d. Insurance companies employ registered nurses (RN) and physicians to conduct aggressive RUR activities and monitor conformance with current standards of practice, so it is essential that VA has a strong RUR Program to optimize reimbursement potential. If a facility does not obtain

approval for care in a timely manner, the insurance company may impose a penalty or refuse to pay altogether.

e. Within the health care industry, the physician or provider of medical services is recognized as the key figure in determining utilization of health care services. The provider is responsible for justifying and documenting medical need for services and for obtaining medical necessity certification for the service(s) to receive adequate reimbursement. RUR staff serves as the critical link among clinicians, staff, patients, administration, and insurance companies.

f. RUR positions require advanced clinical knowledge, communication skills, and management abilities; therefore, RNs appointed as RUR nurses are responsible for clinical RUR activities within the revenue program. RUR nurse reviewers interface with each part of the core business cycle functions through the management of clinical information. The duties performed by the nurses have a foundation in the nursing process, as do other clinical activities performed by nurses. RUR nurses must be located at the medical facilities and the consolidated office sites to comprise the CPAC RUR team. (see subpar. 6a and 6b).

4. DEFINITIONS

a. **Concurrent Review (Continued Stay Review).** A Concurrent Review is an assessment that determines medical necessity or appropriateness of services during a patient's hospital stay or course of treatment, such as an assessment of the need for continued inpatient care for hospitalized patients. Concurrent reviews include continued-stay authorization and discharge review.

b. **Denial Management.** Denial Management is a process whereby all denied claims are appropriately appealed or declared uncollectible and reported in a manner that provides optimal information flow. The process also includes a consistent approach to track and appeal denials and a reporting system that measures outcome and appeal status. Non-authorizing decisions may be based on medical appropriateness or benefit coverage.

c. **Prospective Review.** Prospective review is the assessment of the appropriateness and authorization of an admission prior to a patient's admission, service, or course of treatment. Prospective reviews include preauthorization for inpatient and outpatient services.

d. **Retrospective Review.** A Retrospective review is a review conducted after services have been provided and the patient has been discharged. Retrospective reviews include retroactive-reimbursement reviews, denial management, appeals, and UR data analysis.

e. **Utilization Management (UM).** UM is the process of evaluating and determining the appropriateness of medical care services across the patient health care continuum to ensure the proper use of resources.

f. **Utilization Review (UR).** UR is a formal evaluation (prospective, concurrent, or retrospective) of medical necessity, efficiency, or appropriateness of VA health care services and treatment plans for an individual patient for the purpose of authorization and reimbursement from third-party payers.

g. **UR Criteria.** UR criteria are a set of measurable clinical indicators, as well as diagnostic and therapeutic services, reflecting the need for hospitalization or treatment. Appropriateness is based on a patient's severity of illness and the intensity of the service being provided.

5. SCOPE

VHA has recognized the need to employ cost containment measures that include standardization of practice and policy in order to reduce variance and improve efficiency. This Handbook, in conjunction with CPAC RUR Guidebook, available at <https://portal.cpac.va.gov/Pages/Home.aspx>, serves as overarching guidance for the RUR function within the revenue cycle. **NOTE:** *This is an internal Web site and is not available to the public.* Policy guidance is specific to RUR and applies to CPAC and non-CPAC transitioned staff. Medical Care Collections Fund (MCCF) revenue functions for all medical facilities must fully transition to the CPAC model by the end of FY 12, so this policy serves as guidance for all RUR nurses. **NOTE:** *Full CPAC transition information is available at <http://vaww.va.gov/cpac>. This is an internal Web site and is not available to the public.*

6. RESPONSIBILITIES OF THE CONSOLIDATED PATIENT ACCOUNT CENTERS (CPAC) DIRECTOR

The CPAC Director is responsible for:

- a. Ensuring CPAC RUR staff is located at each medical facility for the purpose of conducting core business cycle functions specific to standardized CPAC policy and priority matrices. Staff organizationally report to the CPAC Director.
- b. Ensuring CPAC RUR staff is located at the centralized CPAC site for the purpose of conducting core business cycle functions specific to standardized CPAC policy and priority matrices and providing facility RUR coverage.
- c. Ensuring the supervision and proficiency report for the RUR nurse is conducted utilizing the VA Nurse Qualification Standard in VA Handbook 5005/27, Appendix G6.
- d. Ensuring the administrative support necessary is assigned for acquisition of tools and resources required for RUR nurse to perform assigned duties.
- e. Ensuring qualified clinical back up is available to cover vital daily RUR activities during periods of scheduled or unscheduled leave according to standardized CPAC policy.

7. RESPONSIBILITIES OF THE MEDICAL FACILITY DIRECTOR

The Medical Facility Director is responsible for:

- a. Ensuring authorizations for care for reservists on Active Duty drill are obtained by facility staff;

- b. Ensuring providers participate in education on revenue-related topics provided by the CPAC RUR nurse;
- c. Ensuring CPAC RUR staff is notified of billable cases, e.g., workers comp, etc. (non-reimbursable insurance types);
- d. Ensuring insurance verification, precertification, cost share, and co-payments of all TRICARE and Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) care is provided by facility staff;
- e. Ensuring pharmacy staff assists Billing, RUR, and clinical staff as needed, with the third-party payer prescription prior to the authorization process when warranted;
- f. Ensuring CPAC staff are afforded the opportunity to attend facility sponsored professional development opportunities; and
- g. Ensuring space and equipment are provided for facility-based revenue staff.

8. RESPONSIBILITIES OF THE RUR NURSE

The RUR nurse is responsible for:

- a. Performing clinical review activities together with associated planning, developing, coordinating, and monitoring in the implementation of VA's reimbursement program.
- b. Serving as a patient advocate providing accurate and timely clinical information to third-party payers.
- c. Ensuring compliance with established UR criteria for reimbursement and appeal of denials, The Joint Commission standards, and VHA privacy requirements.
- d. Ensuring RUR staff provides feedback, as appropriate, for performance improvement, utilization management, and compliance related issues.
- e. Ensuring the procedures in paragraph 9 are followed.

9. PROCEDURES

RUR procedures consist of the following core functions:

- a. **Approval Reviews.** RUR nurse must pre-certify scheduled and non-scheduled inpatient and outpatient episodes of care as per policy requirements. In addition, the RUR nurse must also perform certification and continued stay reviews per third-party payer requirements. This function is critical to identify scheduled and non-scheduled inpatient and outpatient cases with insurance requiring prior authorization and continued stay reviews to optimize pre-authorization and capture add-on unscheduled encounter authorizations. Discharge reviews must be entered for cases requiring discharge notification and summarization. Documentation in

claims tracking and other work tools is required per Situation Response Training (SRT) and Claims Tracking Revenue UR documentation standards.

b. **Denial Reviews.** RUR nurse needs to appeal denied clinical claim payments as applicable. The RUR nurse is principally responsible for evaluating clinical claim denials and initiating an appeal or working with the health insurer for a mutual resolution. The objective of the appeal process is to change a third-party payer's decision regarding claim denial and attempt to obtain payment for all or part of the clinically denied services. This may include prospective, concurrent, and retrospective reviews.

c. **SC/Special Authority (SA) Reviews.** RUR nurse must perform reviews to validate SC care or treatments and other care provided under special authorities, such as Agent Orange, South West Asia, Combat, Ionizing Radiation, Head or Neck Cancer, or Military Sexual Trauma. SA review includes validation review of special treatment related to experience or exposure.

d. **Education.** To enhance the effectiveness of the revenue cycle, the RUR nurse serves as a resource to clinical and non-clinical staff for education about the revenue process. The RUR nurse is involved in ongoing education and training where problems or impediments have been identified with clinical issues related to the revenue program and results are documented and communicated appropriately. Lessons are shared with target audiences to help mitigate future issues. Having an effective education program establishes a systematic process for cross communication among coders, billers, revenue staff, multidisciplinary staff, clinical staff, and the RUR nurse to help ensure claim accuracy and optimal collection of revenue. Due to the rapidly changing arena of health care insurance requirements and disease management within the health care industry, RUR nurse participation in educational opportunities is necessary to enhance their personal knowledge and understanding of the revenue cycle.

e. **Purchased Care Services (Non-VA Care).** VHA utilizes the Purchased Care Program to provide medical care to eligible Veterans when certain medical services are unavailable at VA facilities, when services cannot be provided economically due to geographical inaccessibility, or in medical emergencies which pose a serious threat to the life or health of a Veteran. The RUR nurse obtains certification from third-party payers for purchased care encounters with insurance as applicable.