## TABLE OF CONTENTS

### Chapter 1
Healthcare Fraud and Abuse
- Overview .......................................................... 3
- Federal Statutes .................................................. 3
- Federal Anti-Kickback Statute ................................. 3
- Federal Physician Self-referral Law ......................... 3
- Federal False Claims Act ..................................... 4
- Additional Federal Laws to Consider ....................... 5
  - Fraud Enforcement and Recovery Act ................... 5
  - Healthcare Fraud .............................................. 6
  - Concealment of False Statements ....................... 6
  - Wire and Mail Fraud ......................................... 6
- State-based Fraud and Abuse Laws ....................... 6
- Federal Self-Referral Disclosure Protocol ................ 6
- Impact of Fraud and Abuse Legislation on Discounts .................................................. 7
  - Professional Courtesy Arrangements .................. 7
  - Waiver of Copayment and Coinsurance ................. 8
  - Financial Hardship .......................................... 8
  - No Charge .................................................... 8
  - Same-day Payment (Cash) Discounts .................... 8
- Examples of Fraud and Abuse Cases ..................... 9
  - False Claims Act Violation (2017) ...................... 9
  - False Claims Act Violation (2016) ...................... 9
  - False Claims Act Violation (2016) ...................... 9
  - False Claims Act Violation (2015) ...................... 9
- References ...................................................... 9

### Chapter 2
Clinical Coding and Compliance
- Standards for Ethical Coding ............................... 13
- Responding to Fraudulent Practices ....................... 13
- Compliance Plans .............................................. 15
  - Affordable Care Act Mandates Formal
  - Compliance Programs ...................................... 15
  - Components of A Compliance Plan ..................... 15
- Internal Monitoring and Auditing ......................... 15
  - Standards and Procedures ............................... 15
  - Compliance Officer ......................................... 15
  - Training and Education .................................... 16
  - Responding to Violations .................................. 16
- Open Lines of Communication ............................. 16
- Disciplinary Actions ......................................... 16
- Conducting Compliance Audits ............................ 16
- Monitoring vs. Auditing ..................................... 16
- Steps in Conducting Internal Audits ..................... 17
- External Compliance Audits ................................ 17
- Governmental Audits ....................................... 17
- Recovery Audit Contractors (RACs) ....................... 17
- Medicaid Surveillance and Utilization Review
  - Subsystem (SURS) .......................................... 18
  - Medicaid Integrity Contractors (MICs) .................. 18
  - Unified Program Integrity Contractors (UPICs) ......... 18
- Medicare E/M Frequency Data ............................ 19
  - E/M Codes are Significantly Higher
    Than the Medicare OMS Benchmarks .................... 19
  - E/M Codes are Significantly Lower
    Than the Medicare OMS Benchmarks .................... 19
- Encounter Forms ............................................. 19
- References ...................................................... 20

### Chapter 3
Establishing Fee Schedules
- Overview ...................................................... 23
- Methods of Setting Fees ................................... 23
  - Cost-Based Fees .......................................... 23
  - Annual Percentage Increase ......................... 23
  - National Percentile ........................................ 24
  - Percentage Increase Above Medicare .................. 24
- References ...................................................... 25

### Chapter 4
Managed Care Organizations (MCOs)
- History ........................................................ 29
- Baylor Plan .................................................... 29
- Kaiser Plan .................................................... 29
- Managed Care Organizations ............................. 29
- Types of Managed Care Organizations ................ 30
- Health Maintenance Organizations ..................... 30
  - Preferred Provider Organizations ..................... 31
  - Point-of-Service Plans ..................................... 31
- Contract Provisions ......................................... 31
  - Description of Parties ..................................... 31
  - Description of Covered Services ....................... 31
  - Medical Records .......................................... 31
  - Payment Withholding .................................... 31
  - Payment Arrangement .................................... 32
  - Termination of Contract .................................. 32
- Legislation Provides Protections Against Managed
  Care Plan Abuses .......................................... 32
- Disclosure of Information Requirements .............. 32
- Access to Care and Point-of-Service Options ........ 32
Table of Contents

Chapter 4
Medicare Coverage
Introduction ........................................... 45
Exclusions and Limitations .............................. 46
Coverage for Hospital Services ....................... 47
Coverage for Other Services ........................... 48
Applying for Medicare ................................ 51
Healthcare Provider Enrollment ....................... 52
Provider Enrollment ................................. 53
Responsibilities of Medicare Contractors .......... 54
Medicare Advantage .............................. 55
Dental Services .................................. 56
Medicare Coverage ................................ 57
Enrollment Requirements ............................. 58
Eligibility Requirements ............................. 59
Private Fee-for-Service Medically Necessitated Services 59
Special Considerations When Submitting .......... 60
Medicare Claims ................................ 61
Accepting Assignment ............................. 62
Non-covered Services ............................... 63
Medicare and Medicaid ............................. 64
Other Medicare Topics ............................. 65

Chapter 5
Healthcare Reimbursement Systems
Introduction ........................................... 41
Commercial Health Insurance Plans ................. 42
Private Health Insurance ................................ 43
Employer-based Self-insurance ....................... 44
Consumer-directed Health Plan ...................... 45
Government-sponsored Health Plans ............... 46
Hospital Indemnity Insurance .......................... 47
Medicare ........................................ 48
Medicaid ........................................ 49
TRICARE ......................................... 50
Reimbursement Methodologies ...................... 51
Fee-for-Service Reimbursement ....................... 52
Episode-of-Care Reimbursement ...................... 53
References ........................................ 54

Chapter 6
Medicare-Related Issues
Becoming a Medicare Provider ....................... 51
National Provider Identifier ......................... 52
Provider Enrollment ................................ 53
Participating Providers ................................ 54
Nonparticipating Providers ........................... 55
Changing Participation Status ....................... 56
Private Contracting (Opting Out) ................. 57
Emergency and Urgent Care Services After .... 58
Opting Out ........................................ 59
PECOS ........................................ 60
Revalidation ..................................... 61
Degree of Provider Denials ......................... 62
Medicare Provider Classification .................... 63
Medicare Coverage ................................ 64
Non-covered vs. Medically Necessary ............. 65
Definition of Physician .............................. 66
Policy on Anesthesia by Physician .................. 67
Special Considerations When Submitting ........ 68
Medicare Claims ................................ 69
Accepting Assignment ............................. 70
Non-covered Services ............................... 71
Medicare and Medicaid ............................. 72
Other Medicare Topics ............................. 73

Chapter 7
Claims Processing and Payment
The Roles of AAOMS and State OMS Societies ..... 74
Accountable Care Act (ACA) Checklist ............. 75
Claims Processing Cycle ......................... 76
Pre-submission Issues .............................. 77
Data Needed for Claims Submission ................ 78
Predetermination vs. Preauthorization ............. 79
Coordination of Benefits (COB) .................... 80
Determining When Medicare is Primary or Secondary 81
Additional Parameters of Coverage ................ 82
Intra-submission Issues ............................ 83
Filing Clean Claims ................................ 84
Establishing Medical Necessity ..................... 85
Cosmetic vs. Medically Necessary Procedures .... 86
Types of Claim Forms ............................ 87
Administrative Simplification ....................... 88
Compliance Act. ................................ 89
| Benefits of Electronic Claims Submission | 76 |
| HIPAA Electronic Transaction Standards | 76 |
| Submitting Supporting Documentation | 77 |
| HIPAA Electronic Claims Attachment Standard | 77 |
| Post-Submission Issues | 77 |
| Reviewing Explanation of Benefits | 77 |
| Prompt Payment Legislation | 78 |
| Multiple Procedure Reduction | 78 |
| Downcoding | 78 |
| Contractual Adjustments | 78 |
| Write-Offs | 79 |
| Overpayment of Funds | 79 |
| Accounts Receivable Management | 79 |
| Days in Accounts Receivable | 79 |
| Dollars in Accounts Receivable | 79 |
| References | 80 |

**Chapter 8**

**Appeals Process**

Insurance Company Claims Review Process | 83
Step 1: Electronic Review | 83
Step 2: Claims Reviewer | 83
Step 3: Claims Manager | 83
Step 4: Consultant | 83
Step 5: Dental or Medical Director | 83
Step 6: Additional Insurance Company Hierarchy | 83
Appealing a Denied Claim | 83
Review Submitted Claim | 83
Determine Reason for Denial | 84
Supply Necessary Information | 84
Follow-up | 84
Writing Appeal Letters | 84
Appealing Specific Issues | 84
Commercial Insurance Appeals Process | 84
Internal Reviews | 84
External Reviews | 85
Involve the Patient | 85
Contact the State OMS or Dental Society | 85
File a Complaint with the State Insurance Commissioner | 85
Take Legal Action | 85
Medicare Part B Appeals Process | 85
References | 86

**Chapter 9**

**Miscellaneous Reimbursement Issues**

Healthcare Transparency Efforts | 89
Uses of Transparency Information | 89
Corporate Dentistry | 90
Computer-assisted Coding | 90
References | 90

Glossary | 95
Acronyms and Abbreviations | 101
Appendix A
Safe Harbor Regulations | 105
Appendix B
Physician Self-Referral Exceptions | 137
Appendix C
Medical Record Documentation Standards | 143
Appendix D
Prompt Payment Legislation | 145
Appendix E
Flow Charts and Sample Appeal Letters | 157
Appendix F
State Insurance Commissioners | 203
Appendix G
Miscellaneous Forms and Documents | 205