



Risk Factors Impacting Neonatal Costs

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Premature or low-birth-weight infants account for \$18.1 billion in U.S hospital charges based on the statistics reported by the March of Dimes. Although 13% of U.S. births are comprised of premature infants, almost 50% of the total charges for infant hospital stays were for these babies. Claims for neonatal intensive care unit (NICU) confinements can be very expensive and challenging for health plans. The following factors are unique for the NICU risk:

- Length Of Stay – babies may remain in the NICU for periods ranging from several weeks up to a year or longer, depending on gestational age at birth and comorbidities.
- Clinical Outcomes - are widely variable for babies born at the same birth weights due to the unpredictability of conditions such as chronic lung disease, interventricular hemorrhage, necrotizing enterocolitis and retinopathy of prematurity.
- Experimental or Research- Oriented Therapies – are considered in the interest of rescuing fragile infants who may have limited chances for survival. Bowel and lung transplants are being considered for babies with significant comorbidities.
- Average Daily NICU Room and Board Charges – may range from \$1,500 to \$22,000 per day, based on the facility.
- High Frequency of Ancillary Service Charges - including respiratory therapy, laboratory, pharmaceuticals, and blood products may add additional daily costs ranging from \$1,800 to \$17,000 per day.

NICU claims are complex and not easily validated through conventional claims payment processes. The itemized detail of a hospital's billed charges can consist of many thousands of line items for all the services. The process of validating that the charges submitted are not only clinically appropriate but within industry billing standards requires a multidisciplinary skill set including Neonatologists, nurses and coding professionals.

A "Forensic Review" service can help payers analyze and adjudicate claims based on the care that was actually received. This process differs from a conventional medical record audit which focuses on matching services billed to physician orders. The savings outcomes from medical record audits generally range from 2% - 5% since facilities have strong internal controls and automated billing systems to ensure services billed are ordered. Forensic reviews, on the other hand, can result in aggregate savings of approximately 20% or more of charges, after application of any contractual discounts. An effective Forensic Review should focus on the following core areas:

- 1) Validating the NICU room and board charges to reflect the actual clinical acuity of the patients. Although babies are confined in the NICU, the amount of daily nursing resources required varies significantly for each patient. During a Forensic Review Neonatologists review the constellation of billed charges to determine each daily acuity level and corresponding room and board charge within the four revenue codes defined by the UB-92 guide and the American Academy Of Pediatrics. Since room and board rates should decrease approximately 20% - 25% for each reduction in clinical acuity, the Forensic Review process can have a significant impact on the clinically-adjusted amount of NICU room and board charges paid.

- 2) Identifying experimental or research-oriented therapies which may not be a covered plan benefit. Periodic patient clinical updates transmitted by facilities to the health plan’s utilization review or case management staff may not detail these therapies. As a result, the prior authorization and precertification process may not identify services which the plan does not cover. The Forensic Review Neonatologists and nurses refer to plan document language and accepted clinical practice guidelines to determine coverage for experimental or research-oriented therapies.
- 3) Isolating supplies and services which are billed separately, but which should be included with the room and board charge. Floor stock supplies and physio/cardio pulmonary monitoring activities are often billed by facilities, even though these items are more appropriately included in the NICU room and board charge. The Forensic Review process acts as a virtual NICU to use clinical experience and understanding to determine if charges are appropriate.

Below are two examples of significant billing adjustments achieved by ClinAssist. Forensic Review reports were presented and discussed with the facilities, resulting in facility signoffs for these adjustments to billed charges:

Total Billed Charges	\$590,164
Less Forensic Review Adjustments	
Respiratory Therapy Billing Errors	9,757
Experimental Therapies	66,254
Unbundled Supplies And Monitoring	44,111
Total Forensic Review Adjustments	\$ 120,122
% Of Billed Charges	20.4%
Total Billed Charges	\$288,049
Less Forensic Review Adjustments	
Lab and Respiratory Therapy Billing Errors	15,712
Room And Board - Incorrect Acuity	20,766
Unbundled Supplies And Monitoring	42,764
Total Forensic Review Adjustments	\$ 79,242
% Of Billed Charges	27.5%

ClinAssist performs a prescreen of claims for Munich Re America HealthCare clients. Average daily billed charges in excess of \$4,500 may indicate opportunities for a Forensic Review. The prescreen and forensic review process is completed in a timely manner prior to payment to ensure no loss of PPO or contractual discounts.

Patrick Burcher is Executive Vice President of Business Development with The Assist Group, which specializes in solutions for catastrophic claims management and high-risk premature infants. Current products include CareAssist, a unique, physician-driven neonatal care management program and ClinAssist, a powerful forensic audit and claims resolution service. For more information about their products and services, visit www.AssistGroup.com or call 877.631.9080.