

**Pondera Medical Center
Administrative Policy/Procedure**

Policy Number: 84.01.2012.0P.35

TITLE: DME Financial Management

AREAS AFFECTED: All Departments

PURPOSE: Outlines the procedures for financial management of Pondera Medical Center's (PMC) Durable Medical Equipment (DME) business segment.

DEFINITIONS: To describe PMC DME's financial management plan for managing expenses and revenues on an ongoing basis to ensure viability.

PROCEDURE:

It is the policy of PMC that the HCPCs code used to bill Medicare, Medicaid, and all payers should accurately describe the test/service that was ordered and performed. In order to ensure accuracy, notices from all reimbursement sources will be monitored and adjustments made as necessary.

Each coding-assignment will be documented with the medical and technical reasons for the selection of that code.

"Up-coding" is not allowed. A HCPCs code will not be selected to maximize reimbursement when the code is not the most accurate description of the test/service.

HCPCs coding practices will be audited annually. The review may be carried out by an outside entity with experience in HCPCs coding practices.

It is the policy of PMC that all claims for reimbursement must use the proper diagnostic code for the test/service provided and that the code be assigned based solely on information provided by the ordering provider or other individual authorized to order. Requirements for proper ICD codes include:

- Only the current code submitted by the ordering entity may be used. A code from previous orders (except for standing orders) may not be used.
- "Cheat sheets" to identify codes that would encourage inappropriate billing are prohibited.
- Fabricating codes, which is known as code bubbling or code jamming, is not allowed.
- Activities intended to direct or suggest to the provider which code(s) should be used, which is known as code steering, is not allowed.

If a provider or his/her staff fails to provide the diagnostic information, PMC staff will contact them for the information. Any information received will then be documented and kept with the requisition/billing information.

PMC will only submit claims for test that were both ordered and performed. If the facility receives a patient without a test order or with an ambiguous test order that may be subject to multiple interpretations, PMC personnel will check with the provider to determine what test(s) he/she wanted performed before a claim is submitted to Medicare. If the facility performs a test that the doctor did not order, PMC will not bill for that test. Similarly, if the facility is unable or does not perform an ordered test, PMC will not bill for the test.

PMC DME has a process in place that links equipment and items to recipients as per PMC DME's Delivery Invoice policy (attached).

It is the policy of PMC to bill appropriately in all cases. Effective January I, 1998, HCFA Program memorandum

requires that components of all multi-channel tests and all panels be billed individually UNLESS they are part of a HCFA pre-defined panel. (The current acceptable panels are defined in the Appendix)

PMC performs calculations in conjunction with specific test and performs certain tests to derive such calculations. PMC will not bill for both the calculations and the underlying tests, as this would constitute double billing (e.g. A/G ratios, BUN/Creatinine ratios, LDL, etc.) In addition, PMC performs certain tests for quality control purposes. The goal of these tests is to reduce the chance for errors or to verify specimen adequacy. PMC's policy is not to bill for these tests.

PMC will avoid billing Medicare beneficiaries for tests which Medicare may deem medically unnecessary, without first executing an Advance Beneficiary Notice (ABN). Persons who are responsible for marketing PMC services are expected to be honest and straightforward in their conduct and practices. Accordingly, PMC management and the Compliance Officer will assist marketing staff to ensure that marketing information is clear, correct, non-deceptive and fully informative.

Staff will work with ancillary staff, billing staff, medical records staff, and the Compliance Officer to review current requisition form(s) and to revise these forms as necessary. Requisition design will emphasize provider choice by making it easy for providers to order components of panels and profiles separately. Guidelines listed in the following "Test".

When changes are made to requisition forms, an effort will be made to collect all outdated forms. Because this may be a difficult task, PMC employees involved in data input of test requests and/or billing information will be trained in the proper Test-in Question (TIQ) procedures to follow when an outdated form, a form from another facility, or a handwritten prescription, arrives in this facility. In addition, the appropriate Client Representative will be notified if old requisitions come in and every effort will be made to get the current requisitions to the provider.

PMC is committed to furnishing and billing for services only when the ordering provider considers the services medically necessary.

PMC requisition forms are intended to require providers to document the need for each test ordered by inserting a diagnosis for each such test.

At the time of implementation of any customized profile(s), and annually thereafter, the provider will be required, as a condition for creating the custom profile, to sign a Provider Acknowledgment form. This documentation will be retained in the Compliance Files.

It is permissible under existing law to perform tests pursuant to standing orders executed in connection with an extended course of treatment. In order to ensure the continuing validity of such standing orders, however, PMC will monitor existing standing orders, consistent with State law requirements, by the following means:

- Annually verify that standing orders are dated and current, executed and reviewed by the test-ordering professional (or designee), patient-specific, and in written form.
- Retain copies of all current standing orders as well as all old/invalidated orders in the Compliance files per record retention policies.

MAINTENANCE OF RECORDS:

It is PMC's policy to comply with all federal, state and local laws, as well as with the requirements of accrediting agencies, relating to document creation and retention. Documents may be retained by several means, including paper, electronic, microfilm, or optical disc. Documents (both current and out-of-use) that should be retained as required by law, include, but are not limited to:

- Requisition forms

- Patient results reports
- Financial records
- Standing orders
- Cost reports
- Billing records
- Test directories
- Compliance policies and procedures
- All compliance monitoring and auditing records
- All compliance investigation and subsequent corrective actions.

Employees will be informed that all communications, both internal and external, be clear and concise and should not misrepresent the intention of the communication.

During the normal course of business, employees are expected to follow the appropriate routine policies concerning the retention or destruction of obsolete and aged documents, records or files (collectively, "documents"). If employees are advised by the Compliance Officer that an audit or inquiry is in process, the personnel must immediately suspend any further document destruction and should consult the Compliance Officer, or PMC's legal counsel, before destroying any documents.

COMPLIANCE OFFICER AND COMPLIANCE REVIEW TEAM

Responsibility for implementing and managing the Compliance Plan is assigned to a designated employee who is called the "Compliance Officer." The Compliance Officer has full and complete access to the PMC Board and to senior management for purposes of reporting and or investigating suspected misconduct and has been delegated sufficient authority to comply with these responsibilities. The Compliance Officer has all the powers to perform the duties listed below. The Compliance Officer will, with the assistance of the Compliance Review Team, perform the following activities:

1. Develop, review and revise appropriate compliance standards, policies and procedures with respect to all services provided by PMC employees.
2. Assure the distribution of these compliance standards, policies, and procedures.
3. Review and approve compliance training materials and programs.
4. Ensure that compliance reviews are conducted of billing, marketing, financial and other business practices by both internal and/or external auditors/consultants.
5. Review and inquiries or reports of noncompliance and if an incident of noncompliance has occurred, develop and an appropriate response.
6. Develop appropriate corrective action plans to address any compliance issues.
7. Ensure that independent contractors and agents who furnish services to the hospital are aware of the requirements of the hospital compliance plan with respect to coding, billing, financial and marketing, among other things.
8. Coordinate personnel issues with the hospital's Human Resources office to ensure the National Practitioner Data Bank and Cumulative Sanction Report have been checked with respect to all employees, medical staff and independent contractors.
9. The Compliance Officer will have the authority to review all documents and other information that is relevant to compliance activities, including but not limited to, patient records, billing records, financial records, records concerning marketing and hospital arrangements with other parties, including employees, professionals on staff, independent contractors, suppliers, agents, and hospital-based providers. This may also include contracts, which may contain referral and payment issues that could violate the anti-kickback statute as well as provider self-referral prohibition, etc.

ANNUAL BUDGET

On an annual basis the CFO or Director of Finance, Department Director and Department Manager will prepare the budget for the upcoming year. The CFO will present the budget to the Board of Directors for feedback, information and approval. On a monthly basis the Director and Manager will review their departmental statement for accuracy, verify all revenues and expenses are recorded correctly and prepare a budget variance report for any variances over 5%. The budget versus actual will be reviewed on monthly basis by the CFO and Board Finance Committee with a financial report given to the Board of Directors at PMC's monthly board meeting.

ANNUAL EXTERNAL AUDIT

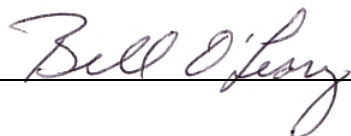
PMC Board of Directors will appoint an external auditor registered by the State of Montana to review their performance within Generally Accepted Accounting Principles (GAAP) guidelines and will seek to obtain value for its money for this service. The external auditor will compromise such examination of financial statements, underlying records and control systems as is necessary to reach an opinion on the financial statements.

PROPRIETARY FUND ACCOUNTING:


Pondera Medical Center will utilize the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis using the economic resources measurement focus, based on Governmental Accounting Standards Board (GASB) statement #20.

Date of Origin: 01/12
Date of Last Review: 07/12; 05/13; 05/14; 05/15; 02/16; 04/17; 04/18
Date(s) of Revision: 11/15
Effective Date: 01/12

Contact Person(s): Chief Financial Officer or Director of Finance; Department Director; Durable Medical Equipment Manager

Executive Approval:  _____

Date of Board of Director's Review: 01/26/12

SUBJECT: DELIVERY INVOICE	REFERENCE #7106
DEPARTMENT: DURABLE MEDICAL EQUIPMENT (DME)	PAGE: 1 OF: 1
APPROVED BY: 	Date of Origin: 02-15-09
	Effective: 03-15-09
	Revised: 11-02-15

PURPOSE:

To provide documentation of delivered equipment and supplies and to inform clients of their responsibility for payment, if any.

POLICY:

Delivery Invoices shall be used to document the delivery of products. The signatures of the client or client's representative and Pondera Medical Center's (PMC) DME personnel performing the delivery shall be obtained to verify that the delivery was completed.

PROCEDURE:

PMC's delivery personnel will complete the sections of the DME Invoice including name, address, phone number, social security number, provider, rental/purchase options, billing information, if applicable.

The quantity and price will be listed on the Invoice. If the client has payment responsibility, the name and address of the person to whom billing should be sent will be written on the Invoice.

Rental or Purchased equipment/supplies delivered:

Complete the quantity, a description of the equipment, model and serial numbers, price, whether the item is a covered or non-covered item, and if the client has payment responsibility.

Total the client's portion of payment, if applicable.

Instruct the client on use/maintenance of the equipment/supply and answer any questions.

Request the client/client's representative to read, sign and date the Delivery Invoice.

DME personnel will sign, date, and collect payment if indicated. The client will be provided with a copy of the invoice as their receipt and the original copy will be returned to the DME office for processing.