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## Rating Risks: Four Risk Factors and the Possible Responses

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UNC Health in North Carolina has a system for identifying and returning overpayments that varies based on their magnitude, according to Patrick Kennedy, executive system director of hospital compliance (see story, p. 1).<sup>[1]</sup> With errors identified in routine audits, UNC generally looks back a maximum of 12 months and adjusts those claims. When claims can't be adjusted electronically, UNC uses Palmetto's voluntary refund process, which is simply a form, and UNC supplements it with a letter that explains the reason for the overpayment return. With other audits, his compliance analysts typically audit a sample of 30 claims from the previous 12 months, although the sample size and audit period will vary by the volume of claims submitted at the time. Whatever the risk area is, the compliance analysts get a fix on the error rate for the sample. The next phase will be to evaluate whether the risk area falls into a low-, moderate- or high-risk category by scoring it according to various risk factors. "The error rate is not the same as the risk factor score," Kennedy noted. The error rate and risk factor score together help inform additional audits or investigations. UNC uses four risk factors to score a risk area. "We rate them from one to five, with five a very high risk," Kennedy said. "Then there's an algorithm that calculates all those into one score." One to five is low risk, six to 10.5 is moderate and 11 and above is high risk. The risk rating triggers different responses, which are shown below. Contact Kennedy at [patrick.kennedy@unchealth.unc.edu](mailto:patrick.kennedy@unchealth.unc.edu).

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