



## **The Psychology of Reimbursement Compliance Auditing**

**March 29, 2017**

By Marc Zimmet

In 1924, the owners of Hawthorne Works mechanical factory commissioned a study to determine if their workers would become more productive in higher or lower levels of light. While worker productivity improved when the illumination changes were made, they returned to baseline when the study ended, befuddling factory management. Psychologists analyzed the results of this experiment in 1958 and concluded that the productivity gains were not associated with light changes, but were in fact caused by the employees' awareness that they were being observed. This phenomenon is now known as the "Hawthorne Effect."

When applied to reimbursement compliance, we can substitute staff training for enhanced lighting, as skilled nursing facility operators understand that their reimbursement managers must be properly equipped to deal with the rapidly evolving complexities of Medicare and Medicaid regulations.

But is this enough?

Zimmet Healthcare conducts reimbursement-compliance audits for over 1,000 SNFs across the country. Given my interest in psychology, I decided to explore this question. While we visit many of our clients on a quarterly or even monthly basis, there are approximately 200 that are audited only one time per year. Due to scheduling logistics, we typically visit annual clients during the same month each year, so I slightly altered our selection protocol to test my theory. The sample claims reviewed for these audits included two distinct population sets: one from the month preceding our visit, the other from the midpoint between the 2015 and 2016 reviews.

The results overwhelmingly validated the Hawthorne Effect.

From a revenue perspective, RUG levels and average CMI were generally consistent between the two sets. However, the claims immediately preceding our visit were associated with better documentation, certifications and general MDS coding accuracy (beyond rehab utilization). While these findings are anecdotal only, it reaffirms our belief that compliance is greatly improved when staff knows that management has a high commitment to claim integrity and conducts regular reviews, even when they are operating in optimal lighting conditions.

Please feel free to contact us to discuss our reimbursement-compliance auditing programs. All you have to gain is peace of mind.