

7 Steps to Conducting The Perfect Audit

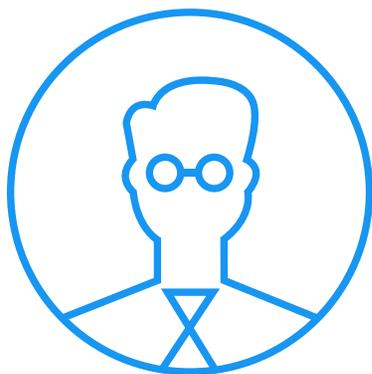


Summary

Conducting an audit can be tricky. That's why it's important to have policies and procedures in place to keep you on a smooth track from your initial contact to education and remediation. You never know what to expect going into an audit. But, preparing for common problems-like a lack of necessary resources-ahead of time helps you to avoid issues and conduct the most perfect audit possible.

1

Management Support



The quality of any organization's auditing program depends on the leadership of the Audit Director (or another individual assigned to oversee these activities), and the caliber of your staff.

The Audit Director has an active role within the organization's compliance committee, coding leadership, billing leadership, and other leaders related to revenue cycle in the organization's decision-making structure and process. They participate in established meetings of the organization's compliance program. Also, they most likely direct the implementation of a program to measure and monitor the quality of the auditors and auditing activities being performed. And, they're charged with approving audit-related policies, standards and guidelines for the organization before they're implemented.

2

Policies and Procedures



Do you have written internal practice guidelines that ultimately fortify your audit? These guidelines should focus on:

- Consistency
- Accuracy
- Productivity

Your policies will also identify and educate on unintended consequences of your guidelines. For example, requiring medical decision making (MDM) for E/M codes which only require 2/3 key components, can lower provider scores. Does this impact RVU bonus or other things? Requiring MDM for 2/3 key competent, established or subsequent visits, is a good auditing strategy when your MAC carrier does not require it. In doing so, it helps drive the nature of the presenting problem as well as the medical necessity of the visit. And, with the over-documentation required for EMR systems, you may want to consider it, however, be aware of potential ramifications. It may impact your provider's bonus.

3

Staffing and Resources

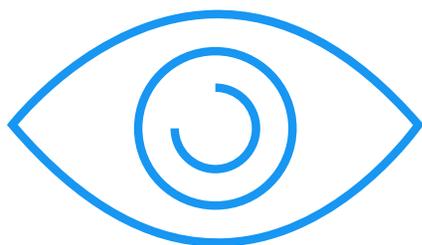


Limited resources within organizations can be a challenge. Some of the most common problems we see when working with all kinds of organizations across the country are:

- Organizations can't always allocate the necessary resources to perform audit and post-audit training activities.
- Organizations don't always have enough competency in audit services within their service lines among current staff.
- Organizations rarely have a quality assurance program in place to audit their auditors.
- Current audit staff within the organization don't have access to the right tools and resources for their position

4

Supplemental Support from a Third-Party Audit Organization



When an organization has limited resources for auditing they will often outsource the audit work to a third-party company to conduct reviews and/or provide training and education. There are several benefits to this: It provides third-party validation, independent review, and can often be more cost effective. After the audit, the organization will often hold on to the outsourced auditors and have them focus on post-audit training and follow-up.

This also enables the organization to leverage technology from that third-party audit company which the organization does not currently utilize. This may provide them with updated information from the audit results to benchmark future audit services, make decisions about certain service lines and providers, as well as help support the training and education of coding and providers.

5 Audit Methodologies

You should have a well-defined written policy that outlines requirements for your overall documentation and coding audits. Policies should outline the audit process, reporting requirements and follow-up activities and should include the following elements:

Objective or Focus Know your objective before starting. Don't perform annual audits just to meet the minimum requirement. Go above and beyond. Incorporate focused audits into your regular audit schedule. For example, if you had a provider that scored particularly low then plan on performing a subsequent audit before the next scheduled annual audit. Review each provider's previous audits and know the areas of opportunity to watch for the following time around.

Sampling Is your approach going to be random or focused?

Audit Type Prospective vs. Retrospective, Other. Understanding the impact of your audit guidelines and the area of focus will help you determine which type to perform. Additionally, take into consideration available resources, timing of the audits, and previous scores. For example, if you require MDM but your MAC does not, and you have limited resources, then you want to do retrospective audits. If you have identified an area of opportunity with over-payment risks, then you'll want to perform a prospective audit.

5

Audit Methodologies (cont.)

95%

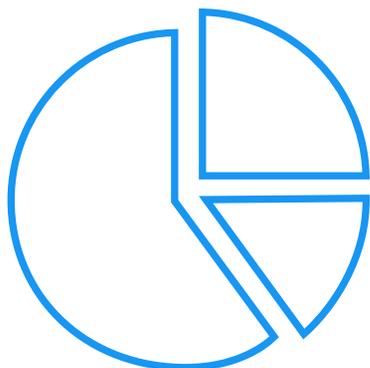
PASS-RATE
THRESHOLD

The frequency and timeline of your audits should be written in your policies. Perform more than the minimum. However be realistic with your audit timelines. Allow enough time to incorporate focused audits into the schedule. The worst thing you can do is put in writing an aggressive audit schedule and then not do it. Rather than including just the minimum scope of audit such as E/M codes, include risk areas from the OIG work plan. Again, review previous audits and incorporate those area of risk into your plan.

Establish pass-rate threshold requirements. The pass-rate threshold for government payers is 95% so this should be yours. You may want to consider using different scoring methods counting over-payment risk areas (over-coded E/M, unbundling of services) heavier than non-payment areas of coding and documentation.

6

Reporting



When it comes to your audit reporting there are some key considerations you should be thinking about:

- The type of report based on the audit.
- The type of information included in the report

Remember your report should meet the objective of the audit. A compliance audit report would look much different than a report for an overpayment audit.

For a provider specific audit, include the signature page for the provider. This allows for you to track and demonstrate that the provider received and reviewed the report.

When is attorney client privilege appropriate? It's a question we are commonly asked. The perception of some is that if they do a report under privilege, then it's protected from ever being subpoenaed. Due to the complications of such items you should speak with your attorney about your concerns and circumstances and get their advice.

6

Reporting (cont.)

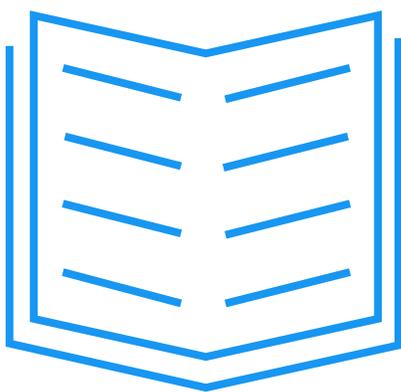
We have seen a lot of different audit reports and there are some general elements of information that should always be included in an audit report. Now keep in mind, I just mentioned that the reports should meet the objective of your audit. The report I'm referring to here would be a typical compliance audit report for your individual provider that you are conducting as part of your ongoing compliance program.

- Patient identification
- Date of service
- Comparison of audited and reported codes that were reviewed
- Key documentation or coding issues
- Observation of findings for each encounter reviewed
- Recommendations for improvement and to correct problems

Audit results should be reported in an organized format that allows the viewer to easily draw conclusions. The results should be maintained by the organization and easily accessible.

7

Education and Remediation



When performing post-audit education make sure you do it with the right attitude. An auditor's role is to be an advocate for both the coder and provider. Auditors will have more success if they have an attitude of an educator and trainer, rather than of an enforcer.

Providing the audit feedback can be done several different ways: One on one training, group training, shadowing, or a written report. Decide which type of training would be most effective for them as well as what is needed to ensure an improved result for next time. If a provider continues to score below your threshold without improvements, then a group training will not work. You will need to meet one on one with the provider or even shadow them while they are seeing patients. Shadowing providers is a great way to understand what the provider might be failing to document which is critical to their services being accurately reported and reimbursed. Is it due to a lack of understanding of how to properly use the EMR? Maybe it's a lack of understanding of the coding guidelines?

7 Education and Remediation (cont.)

How do you handle it when coders and providers refute the audit results? How do you handle difficult and demanding personalities? Be prepared to deal with the scenario in which the provider does not agree with your results. Remember to be an advocate and listen to their rationale. Try to understand things from their clinical perspective. Keep an open mind because it's possible that the auditor may not have audited from the correct perspective. You will need to be prepared if you're going to tell the provider that they have just scored a "C". You will have to educate the provider using approved reference material. Do not just tell them "because I said so." Do not leave without coming to some kind of an agreement. Whether it be that a revision is necessary or that the results stand. You both need to agree.

In trying to keep an open mind, try thinking of it like this: If this date of service was presented in a legal situation, while the documentation may not be ideal, could the documentation support that the service was performed? If so, agree, include best practice findings and follow up on this issue in your next audit. If you determine that the documentation does not support the service, provide education using approved references to support the result.

7 Education and Remediation (cont.)

Never change the report just to make the provider happy. Once you have the respect and/or personal connection you will be successful. You can always agree to disagree.

You often don't think about this in terms of auditing reporting, but post audit education is really a reactive process. But a good auditing and training program should be more proactive in nature. That means staying on top of updates and changes and then making sure they are communicated throughout the organization. This is a big area of risk and trouble we see with most organizations.

It's very challenging in our busy organizations to stay on top of updates. The best way is to appoint a designated individual in your group to do this.

Once you have the information, make sure the coders, auditors, and providers receive training on the updates and amendments to your policies. Make sure you include effective dates. This will ensure during retrospective audits, auditors are applying the correct guidelines as well.

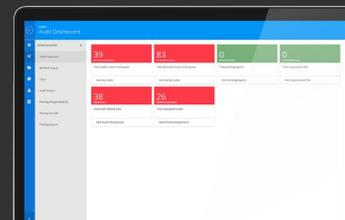
Conclusion

Every audit is different and presents new challenges. However, following these seven steps, will ensure that you cover all of crucial elements for a better, smoother, audit. Having policies and reminders in place will prepare you ahead of time to handle complexities, from working with management all the way through education and remediation. You never know what to expect going into an audit. But, if you prepare for common problems-like a lack of necessary resources-you'll be able to quickly handle issues that arise. Preparedness will allow you to conduct the most perfect audit possible, every time.

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