



Confirming the Compliance Program
Activities of your Third-Party
Billing Company without Breaking the Bank

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Audit, Tax, Consulting, Financial Advisory.

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Making The Case

Why you should be concerned with the compliance activities of your third-party billing company

- *OIG guidance for physician groups recommends that "If a billing company is used, communication to and from the billing company's compliance officer/contact and other responsible staff [should be performed] to coordinate billing and compliance activities of the practice and the billing company, respectively.*
 - *Communication can include, as appropriate, lists of reported or identified concerns, initiation and the results of internal assessments, training needs, regulatory changes, and other operational and compliance matters".*
- **APPENDIX A to the OIG guidance for physician groups – "Additional Risk Areas" – indicates:**
"Physicians should remember that they remain responsible for bills sent in the physician's name...even if the physician had no actual knowledge of a billing impropriety" and continues to indicate "...it is no defense for the physician if the physician's billing service improperly bills Medicare."

Why else should you be concerned?

An effective compliance function can mitigate the risk to a physician practice from erroneous or fraudulent conduct. Compliance programs can provide certain benefits including but not limited to:

- Increasing accuracy of medical record documentation
- Optimizing proper payment of claims
- Minimizing billing mistakes
- Reducing the chances that an audit will be conducted by CMS or the OIG

Compliance Activities to Look For

What should you be looking for?

- Confirm the compliance program activities of your third-party billing company
 - Compliance Officer
 - Compliance policies and procedures
 - Auditing/Monitoring Activities
 - Training/Education for their employees
 - Coding
 - Information System Use
 - Hotline

What else should you be looking for?

- How are payor denials tracked, monitored and reported to you?
- How are additional documentation requests ("ADRs") from third-party payors received, tracked and reported to you?
- How is data transmission and integrity confirmed?
 - Electronic data transmission
 - Paper

Example Compliance Activities

Example third-party billing company compliance activities

Objective	Control Activity
Training and Education for Coders	Coders receive regular and updated training on coding. Training incorporates: <ul style="list-style-type: none"> • Coding auditing and monitoring results • Denials tracking results
Information System Use	<ul style="list-style-type: none"> • Information system training for both new and existing employees is held on a consistent basis • Information system documentation exists
Data Transmission and Data Entry Integrity	<ul style="list-style-type: none"> • <u>Charge Capture Consideration:</u> Data transmitted from the client to the billing company is reconciled to charge entry to ensure that all charges are received and entered • <u>Compliance Consideration:</u> Codes identified by coders are properly billed to third-party payors
Denials tracking and reporting	<ul style="list-style-type: none"> • Reports track denials by payor and by denial reason

Contractual Considerations

Contractual Considerations

- Right to audit
 - Performed by an independent third-party if necessary
- HIPAA Business Associate Agreement
- Excluded Parties
 - Right to terminate contract if billing company and/or principals were to become excluded parties
 - Have you confirmed that company and/or principals are not excluded parties?



Questions/Discussion

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