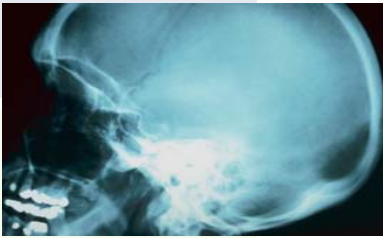


August 05



HCCA Physician Practice Compliance Conference

Building a Compliance Auditing and Monitoring Program in a Physician Practice

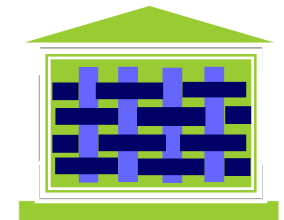
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Practice

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Corporate Compliance Program Structure



A structure for managing regulatory risks within the enterprise

Purpose and Goals

No Big Surprises



Early Warning Systems

- Systematically identify, assess and prioritize risks
- Avoid unrewarded risks and protect assets in place
- Promote organizational learning
- Reduce chance of repeat problems

Integrated Infrastructure

- ◆ Ensure bad news travels fast internally first – early warning systems
- ◆ Prevent and rapidly respond to potential catastrophic failures
- ◆ Improve ability to anticipate and prepare for change
- ◆ Establish a risk-based culture
- ◆ Provide assurance that key risks and exposures are understood and mitigated



No Big Mistakes

No Big Missed Opportunities



Comprehensive Policies & Procedures

- ◆ Seek growth but ensure strategic and tactical risks are mitigated
- ◆ Maximize chances of success of achieving business plan goals
- ◆ Accelerate ability to respond to change and opportunities
- ◆ Install an appropriate control infrastructure

What are your key risk areas?

Risk Identification and prioritization process:

- Identify your risks, ie: a scalable process that will work for your organization/group. Focus groups, interviews, survey. Note: watch out for creating “bad paper”
- Prioritize the risks identified:
 - Who else is focused on these risk areas (internal and external), ie: feds, state, carrier, etc.
 - Worse case scenario if risk actually occurs and/or continues to occur
 - What resources can you provide to address this risk?

High Priority Risks

Risk areas that might be identified may include:

- Billing and coding, ie: E & M, "incident to", etc.
- Contracts – anti kickback, stark II, referrals, discounts, rebates, relationships, etc.
- Research – clinical trials, grant process and tracking essential components of grants, time and effort, etc.
- Credentialing

Considerations *Before* Developing your Final Auditing and Monitoring Plan

- What is your organization/practice culture?
 - Current activities
 - Incentives for compliance
 - Tone at the top
- Resources available within your organization for auditing and monitoring, ie: people (competent), dollars
- Cross functional discussions re: audit areas
- Legal advice, if needed
- Federal, state, local and organizational/practice areas of focus
- Buy in – discussion at senior management level and board
 - risk areas considered and
 - worse case scenario outcomes of auditing specific areas
 - where might information be disclosed outside the organization?
- Is the proposed plan realistic to be completed?
 - Outcome vs. process audits,
 - sampling method to be utilized

Audit & Monitoring: Outcomes-Based Monitoring

The Difference Between Process and Outcomes Monitoring

- Process-Based Monitoring
 - Focuses on the “through-puts” of a procedure and compares them to an accepted or required norm, e.g., compliance general education completed by all relevant staff; documentation of medical necessity criteria, expedited appeal processing time.
 - Estimated hours for these types of audits is approximately 100-200 hours (based on general sample size of 30)
 - Subject matter expert not necessarily needed

Process/Outcomes (cont)

- Outcomes-Based Monitoring
 - Focuses on the end result or “output” of a procedure, e.g., paid claim coded and billed correctly; episode of care ;
 - Encompasses all processes involved in completing a procedure or delivering a service
 - Used as a factor to gauge the quality of a service
 - Estimated hours for these types of audits is approximately 250+ (based on general sample size of 30)
 - Subject matter expert is commonly needed for these audits



Audit & Monitoring: Outcomes-Based Monitoring

Outcomes-Based Audit and Monitoring

- Data gleaned results of risk assessment
- Prioritization of identified risk
- Six steps to outcomes-based audit and monitoring
 1. Develop specific outcome criteria
 2. Measure
 3. Analyze
 4. Act
 5. Re-evaluate
 6. Report



Examples of Outcomes-Based Audits

Providers

- Others?
- Compliance Program Effectiveness
- Contract Management
- Credit Balance Repayments
- Paid Claims Review
- Clinical Research & Grant Administration



Sampling Methodology

- What is the organization's perspective on "fixing" problems?
- What resources are available to audit this area?
- Does Senior Management agree this risk area is important?
- What is the worst case scenario if this audit reflects unfavorable outcomes?
- What is the population universe and sources of data?

Sampling Methodology (cont)

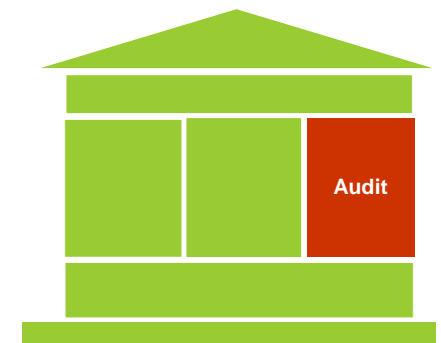
- What should you consider before you decide what your sample size will be?
 - What is the purpose of the sample and the review objective?
 - Determine trends
 - Determine issues – suspect or know
 - Prove a point for “internal” purposes only
 - Provide information for external purposes, ie: disclosure, repayment/under payment
 - Who do you expect to share the information with and what is their frame of reference?
 - Internal
 - Peers
 - Management
 - Board
 - External

FY 05 Audit Plan Detail-example

Audit Area	Department/ specialty	Timing	Scope
1. E & M coding	Family Practice	4Q05	Concurrently review 15 concurrent medical records for each (5) family practice physicians for medical necessity documentation for period of 1 week in October 05. Outcome or Process? Hours needed? Subject matter needed?
2. Contracts	New physicians	3Q05	Review and determine new physician contracts are in compliance with procedural template Outcome or Process? Hours needed? Subject matter needed?

Monitor & Audit

- **Define Review Scope & Assumptions**
 - ✓ Conduct interviews with Business Process Owners
 - ✓ Review Policies & Procedures
 - ✓ Review Education and Training materials
 - ✓ Document scope & assumptions
- **Develop Review Criteria**
 - ✓ Test Review Criteria
 - ✓ Enter criteria into database
- **Conduct Review**
 - ✓ Review recent audit related documentation
 - ✓ Enter findings into database
- **Document Findings and Observations**
 - ✓ Query database for exception findings
 - ✓ Summarize observations
 - ✓ Develop recommendations
- **Obtain Management Response**
 - ✓ Share findings with Business Process Owners
 - ✓ Obtain reactions to recommendations
 - ✓ Draft a Corrective Action Plan
- **Remediate**
- **Finalize Report & Corrective Action Plan**
- **Re-audit**



“Fraudulent” Themes – Billing and Coding

- Claims for services that are not medically necessary
- Excessive charges for services or supplies
- Improper billing practices
- Billing for services not rendered
- Altering claims or supporting documentation
- Applying for duplicate payment
- Soliciting, offering, or receiving a kickback, bribe, or rebate

Focus Areas - Stark and Anti-Kickback Auditing

- Review accounts payable ledger or 1099s for all physician payments
- Check for contract to support each payment
- Evaluate payments for consistency with contract terms and required elements
- Review time logs where appropriate

Consider:

- Developing a contract database
- Deminimus exception tracking tool
- Using FMV safe harbor for personal services contract
- Ensuring management understands consequences of billing where no contract is in place

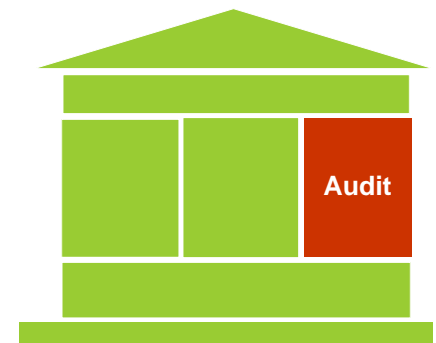
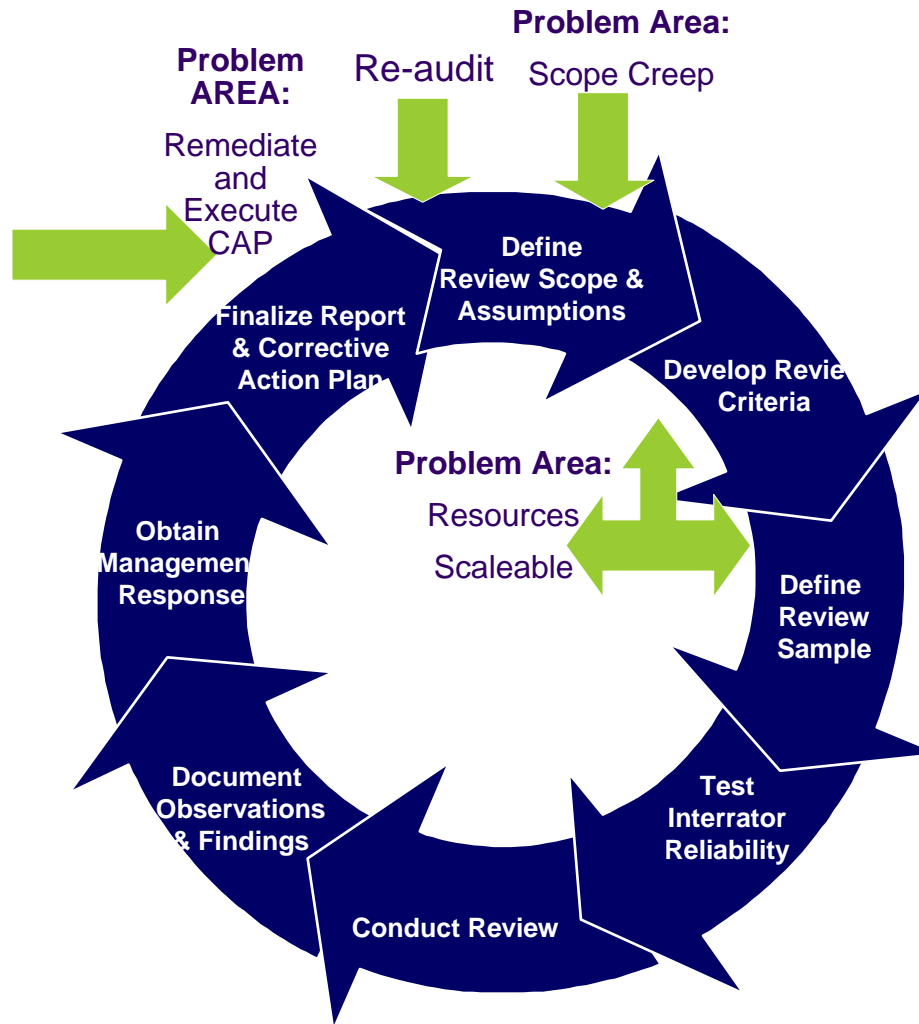
Pitfalls:

- Starting services without contract
- Contract expiration
- Not implementing rent escalation clauses, collecting rent
- No documentation of FMV

Developing the Audit

- Audit area
 - Resources conducting the audit
- Developing the scope
 - Assure within reach of resources available
 - How do you retrieve the data needed
- Audit attributes
- Timing – concurrent/retrospective
- Sampling considerations
- Conducting the audit

Monitor & Audit



EXAMPLE REPORT-Summarize Key Themes

Define according to audience's frame of reference

Business Impact: Make this pertain to the audience the report is going to


Risk Level



Issue Title	Findings/ Themes	Recom.	Action Plan/Management Response	Who is account- able for resolving ?	Target Date

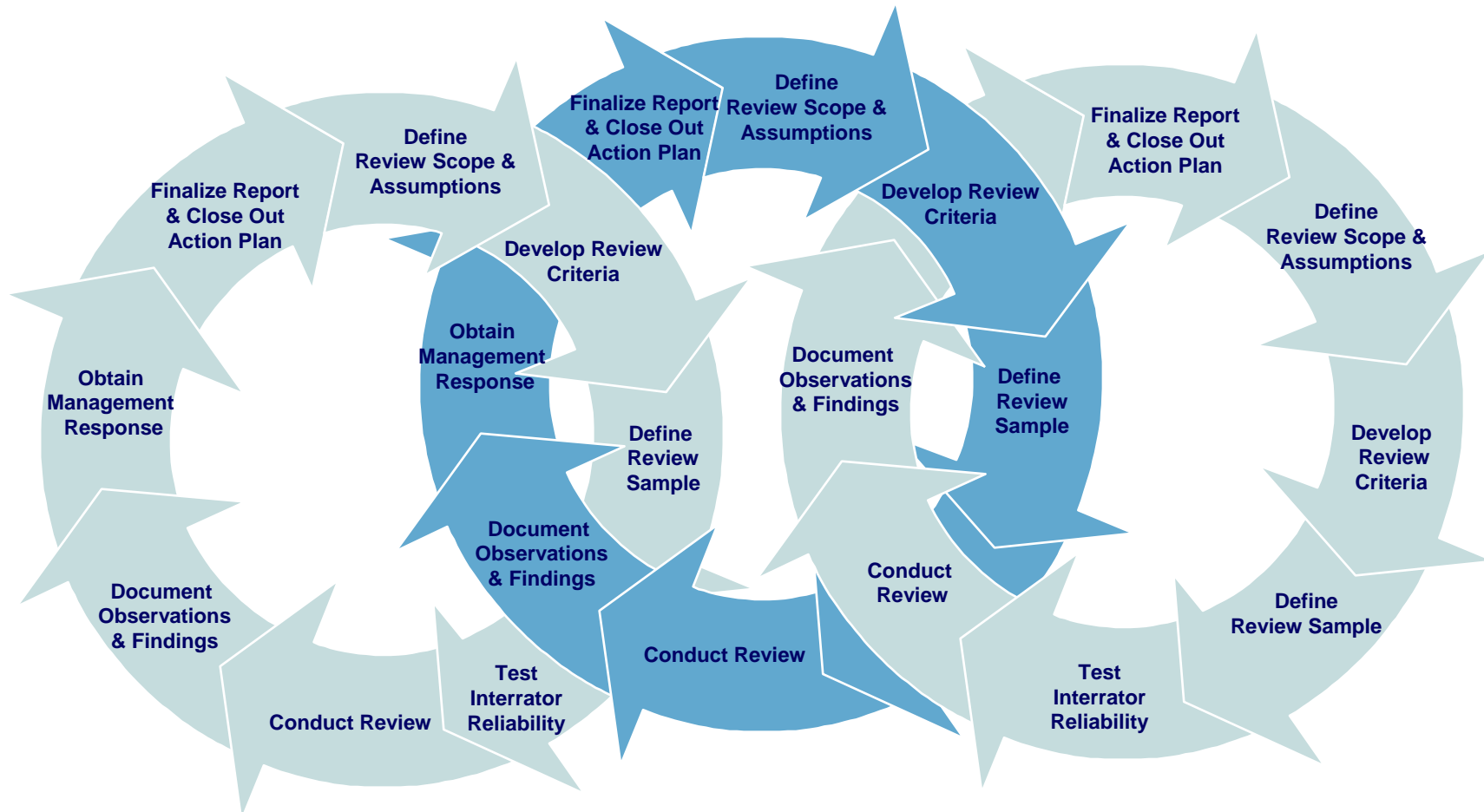
Considerations For Effective Auditing and Monitoring

- Current and applicable to business risks and strategies
- Appropriate, credible resources
 - Risk area needs to be understood
 - Subject Matter Experts – Independent use of
 - Internal Audit Methodology background helpful
 - Limit focus – don't try to be all things to everyone...ask yourself, "Is this risk critical to our business and needs to be included in our plan?"
- Ownership and Accountability for resolution at appropriate level
- Never conduct only 1 audit, there is always follow up to assure resolution in place

- 
- To be compliant, you need to take a reasonable
 - good faith approach
 - in meeting the requirements of our enforcers
 - to provide health care services to our communities.

The Monitoring Plan

Monitoring never ends... each review leads to the next, and the monitoring plan and unplanned issues drive additional review activities. It is a continuous process...





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