

Auditing and Monitoring for Physician Practices

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HOW DO YOU VIEW COMPLIANCE?

- necessary nuisance required by the government
- purely defensive “CYA” program
- an opportunity to improve the practice
- a realistic combination of the above?

Why is the government so active?

- government now pays for 50% of care
- a few crooks smear the entire industry
- this is complex, mistakes are inevitable

How to get yourself sued

- and create negative headlines for healthcare providers
- United States v. Dr Houshang Serage et al
– suit for \$40,000,000 for \$2.6m false claims

“The doctor and his practice, Orthopaedic & Reconstructive Center, issued a statement saying “... reimbursement rules are complicated and subject to varying and sometimes inconsistent interpretations. Dr. Seradge ... and the others named in this matter deny any intentional breach of any such rules..”

The government's arsenal

- False claims
- Qui tam suits
- new - state false claim acts and OIG units
- State Medicaid fraud units
- Cert, Perm, RCA, PQRI, SOIG
- Stark I, II
- Swarms of lawyers.....

Federal Sentencing Guidelines

- The original 7 criteria have been supplemented by...
- The 10 modifiers
- Much of this was a result of the bursting market bubble, the fraud circus, and Sarbanes-Oxley.

What's Up?

- **a quick update on current events through
October 2, 2007**

Red Flags

- After being humiliated, US CPAs wrote a “red flag” pronouncement for auditors
(Statement on Auditing Standards #99)
- We can use the same concept to protect our practices.....

Typical Red Flags

- Governance problems
- New Providers
- New Services
- New Staff

Typical Red Flags (cont.)

- New information technology
- Outdated information technology
- Contract and program changes
- Claims rejections and payer correspondence

Typical Red Flags (cont.)

- Statistical trends
(if you don't collect and analyze statistics this red flag won't help)
- Excluded individuals (are you checking?)
- Disgruntled or impaired providers

Typical Red Flags (cont.)

- Disgruntled employees
- Understaffing
- Potential embezzlers
- Reduced or irregular cash flow

Typical Red Flags (cont.)

- Failure to seek professional advice
- Failure to listen to professional advice

What reaction should a **Red Flag** create?

- Pinpoint the **“what”**
- Analyze and determine the **“why”**
- Pinpoint the **“why,”** if unable, dig deeper

Be very careful...

- The problem could be one of your bosses
- There could be no problem, false alarm
- The problem could lead you into a dark and murky alley

So what to do.....?

- Investigate
- Analyze
- Summarize
- Report

OIG Resources

- Internet resources (add http:// on front of addresses)

general information site

oig.hhs.gov/fraud/complianceguidance.html

physician resources

oig.hhs.gov/authorities/docs.physician.pdf

exclusions

oig.hhs.gov/fraud/exclusions.html

Accentuate the Positive!

- Compliance should have benefits beyond self-defense.
- Compliance should be an internal consulting mechanism focused on improving the revenue cycle.

Be Your Own Consultant!

- I estimate “leakage” costs physicians, on average, 10% of annual revenue
- What usually causes “leakage”
 - failure of design*
 - failure of training*
 - failure to execute*

Compliance auditing combines the best of

- Internal auditing
- Operational auditing
- Coding auditing
- Consulting
- Common sense and street smarts

Auditing = compare reality to criteria

My personal favorite

- The “appointment audit”
 - * start with the patient intake sheet and follow the patient from the first encounter through the final payment
 - * pick samples to provide adequate coverage

(See April 2007 *Compliance Today*)

What are we looking for?

- Inaccurate demographics
- Inaccurate insurance data
- Entry errors / omissions
- Encounter reporting errors
- Issues with complex billings
- Issues with secondary billings
- Inadequate follow up of denials
- Improper use of account holds
- Misapplication of write-off and collection policies
- Missed or mishandled refunds
- Chronic coding issues
- Coding issues with changes
- Medical records issues

Your objectives

- Protect the organization
- Improve the revenue cycle (reduce leakage)
- Enhance training and supervision
- Improve policies and procedures
- Improve IT utilization
- Meet OIG guidelines

Your objectives (cont.)

- Educate physicians (discipline if necessary)
- Test and improve governance
- Evaluate reporting channels and monitoring systems
- Involve and enlighten staff (through involvement)

Narrower (Focused) Audits

- Coding audits
- Charge (completeness) audits
- Medical record audits (content, quality)
- Posting audits
- Cash integrity audits
- Adjustment audits (write-offs, collections)
- IT efficiency audits

Questions?

- Feel free to contact me after the conference for questions.
- Leave a business card if you have questions now, I will answer as soon as I can.

THANK
YOU!