

The next step in billing compliance for large physician practices

By Carrie Walters

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The cost of billing noncompliance is high. The federal government continues to scrutinize provider billing, and health care organizations (including physician practices) are paying the price. During FY 2005, the federal government won or negotiated approximately \$1.47 billion in judgments and settlements. The Health Care Fraud and Abuse Control Program (HCFAC) account has returned over \$8.85 billion to the Medicare Trust Fund since the inception of the program in 1997.¹

A solid physician-practice compliance program and auditing process can protect physician groups from having to pay some hefty fines. To this end, ensuring accurate risk assessments is crucial. However, the task of auditing health care providers is both labor- and resource-intensive. Hours spent performing a multitude of manual administrative activities requires a significant investment. In addition, organizations must change the behavior of noncompliant providers to mitigate future risk.

Efficiency issues in audit administration

Auditing providers is a predominantly manual process. Home-grown databases and spreadsheets are the billing compliance officer's only tools as they go through each laborious step of the audit process. For most organizations, performing an adequate number of audits,

while educating noncompliant providers, presents a resource challenge. Many hire additional staff, which increases the number of audits performed, but also increases cost.

The auditing process is a sum of many steps, only one of which is the actual audit. Other steps include physician scheduling, case/sample selection, documentation review, reporting, education, and tracking. Physician billing compliance staff spend a majority of their time on documentation review and report creation.

Some of the issues inherent in the audit process include:

- Manual entry into excel spreadsheets, which increases the margin of error
- Lack of standardization, which creates inefficiencies and confusion
- Collecting billing data that reside in multiple locations
- The need for multiple types of reports, which increases report creation time
- Manual provider scheduling/tracking, which can inadvertently miss providers

A new concept

As health care dollars continue to shrink and federal guidelines for compliance become more exacting, billing compliance officers continue to look for ways to make their organization more efficient. The audit process is a perfect target. Any change should ensure that billing compliance program dollars are focused on activities that reduce overall risk, such as increasing audit productivity and provider education.

One solution is automation. Automation



streamlines and standardizes the administrative tasks involved with compliance auditing, reducing the margin of error and increasing audit productivity. Customized reports for physicians and management are created in seconds. Errors are highlighted in color. Providers are automatically scheduled at intervals determined by the organization. With automation, quality and productivity are not mutually exclusive goals.

Despite its relative newness to the market, automation has already produced impressive results. For example, by automating its auditing process, a large hospital in the Boston area increased the number of providers audited by 172%, the number of cases audited by 344%, and sample size by 100%. Staff time spent on documentation review was cut nearly in half, and report creation time was reduced by 75%. Quality and accuracy were improved as well.

So, why isn't everyone automating their auditing process? First, there aren't a lot of audit automation technologies available in the market. Second, lack of funding derails many initiatives. Third, there may be only a handful of people in the organization who are familiar with the intricacies of billing compliance.

However, there are more reasons to automate than there are to continue the status quo. In addition to

increased productivity, standardization, and ease of use, automation brings with it increased quality and enhanced provider training tools.

In terms of quality, a drastic increase in production will improve risk assessment, and the risk-based frequency will systematically focus more of your resources towards your problem areas/providers. An automated, rules-based methodology for selecting your case sample enables you to target the areas you deem most at risk. For example, you can focus on your most frequently billed CPTs, or OIG target areas.

Most importantly, risk management is only as good as your ability to change provider behavior. Easy-to-understand, timely reporting keeps provider feedback relevant, allows them to see their improvement, and can rank them among their peers (an excellent motivation technique). By capturing the audit performance in a single repository, your organization can make departmental and provider comparisons over time to monitor the effectiveness of your educational activities.

Requirements and selection criteria

To automate your auditing process, your organization needs to be able to support the technology. You also need to be able to afford it. Pricing depends upon a number of factors, including the number of providers being audited, the number of systems from which data must be obtained, and the desired audit modes (prospective, retrospective, or both). When you are choosing automation software, keep these tips in mind:

- Select something scalable.
- Ensure that there is adequate support from the vendor.
- Be careful of solutions that consist of custom-written software; a highly configurable system is easier to support than a custom-built system.
- Be aware of how technology is evolving and recognize how the vendor deals with changes.
- Determine whether the vendor can provide the necessary level of security to comply with federal recommendations.
- Develop business associate agreements to hold the vendor and its agents accountable for handling protected information.

Once you decide to automate, a software engineer is needed to build an interface between your current billing system and the new automation software. You will then need to decide how you want to organize and view your data in the new system. Some mirror their existing system, while others take the opportunity to make changes. The software engineer will extract your existing data, transform (format) it, and load it into the new software. Users will have input into how they would like to rate providers, organize their reports, and design other configurable elements of an automated system.

In the long run, automating your billing-compliance auditing process can be less costly than continuing to use home-grown solutions which incur “shadow costs” that aren’t so easily measured. Most importantly, automation provides a platform for your organization to increase productivity and risk assessment, improve audit quality, and enhance provider education. In an automated environment, your highly skilled compliance staff can finally spend their time on the activities that matter the most—auditing and education. ■

1. The Department of Health and Human Services and The Department of Justice. Health Care Fraud and Abuse Control Program Annual Report For FY 2005.