Internal Medicine Coding Alert

Billing: Regular Internal Audits for Catching Billing Slip-Ups

Starting with a baseline audit will set your practice up for success.

Would your practice pass the test if a payer auditor showed up at your office? You should be using internal chart reviews to evaluate your practice's compliance and billing processes -- before someone else does.

Reap Internal Review Benefits

Performing internal audits can help you ensure billing and coding compliance and may also point to money you've been leaving on the table. Finding problems early helps alleviate risk.

Audits will also uncover inconsistencies in documentation and coding so you can focus your staff education. For example, maybe something conveyed was misunderstood, or confusing, and that will come out in the audit.

Start With a Baseline Evaluation

Begin your efforts by performing a baseline audit -- the first comprehensive audit your practice undergoes. Then you can decide how often you will perform internal audits each year.

Purpose: With the information gleaned from a baseline audit, you'll be able to streamline future auditing efforts and focus on the most important areas to you and your insurers. Your goal is to get each provider and biller as close to 100 percent compliance and accuracy as possible. The baseline will help you decide how frequently you need to perform future audits and also help you determine the areas for improvement that your practice should focus on between audits.

Going forward: How often you perform internal reviews after the baseline audit depends on several factors, including your time and staff resources, the baseline audit's results and your practice's size. In most cases, plan to perform an internal audit at least once per year, and more often if you find high error rates.

Follow a Checklist

Your first step in the auditing process is to narrow the parameters of your audit. Sample questions to answer before starting include:

- What is the focus of the audit?
- What will the audit's scope be?
- How will you select charts? Will you have a set process of selection for each provider, or will you randomize the chart selection?
- What documentation will you review? Select charts (either electronic or paper) and organize supporting documentation, such as physician notes, account billing history, CMS-1500 forms, and explanations of benefits (EOBs) or remittance advices, to review during your audit. If your practice is doing everything according to what the payers require, the next step is to determine whether you have supporting documentation.
- Why am I finding denials? During an audit, or even during a separate billing review, you should be reviewing denials. If your review shows that your billing practices are perfect but claims are still being denied, you need to investigate and appeal, as appropriate.

Get to Know the Audit Types

Basically, there are two types of internal chart audits:

- In a prospective audit, the practice examines new claims before it files them.
- In a retrospective audit, the practice examines paid claims.

Which works best? It all depends on the practice.

A prospective audit is more of a billing validation check and is the safest from an auditing perspective, as problems can be identified and corrected before the claim is sent.

Drawback: While prospective audits may be the safest route, the method is not without its potential pitfalls. It is advantageous to do prospective chart auditing because this allows for correction of errors and capture of missed charges prior to the billing of the claim. However, this type of chart audit can delay billing, thus impacting cash flow.

On the other hand, the retrospective chart audit does not delay billing, and the audit process can proceed more quickly because the entire payment process is completed before the beginning of the audit. However, a retrospective audit only catches mistakes after they have been made, and sometimes, that is more costly than preventing them.

Set a Twice-a-Year Auditing Goal

The frequency of your audits will depend on the size and type of your practice. However, the more often you can audit, the cleaner your claims will be, so experts recommend frequent audits.

Larger offices may have resources to conduct audits on a continual basis with different areas of focus throughout the year. Smaller offices may have the resources to conduct monthly or quarterly audits.

Baseline: You should conduct an internal chart audit on each physician at least twice a year. If you identify a billing or coding problem, that interval should become more frequent.

When deciding on audit frequency, consider the amount of resources the practice can devote to the audit while simultaneously conducting day-to-day office business.

Focus Audit on Commonly Billed Services

Your internal chart audit should deal chiefly with procedures and services that your office provides every day, experts say.

Example: Multi-disciplinary medical offices often have a set schedule, in which they audit different services at different times of the year.

Most offices should concentrate on their evaluation and management code levels during an audit, because E/M leveling is always looked at carefully by many payers. However, if your office does more procedures or lab services, you should concentrate your audit efforts there.

Try this: When a medical office is setting up its own internal audits system, consult the Work Plan from the Office of the Inspector General (OIG). This provides information on those services that have been identified as potential areas of fraud or abuse. You can find the OIG's current Work Plan online at http://oig.hhs.gov/reports-and-publications/workplan/index.asp