

## Optometry Coding & Billing Alert

### Evaluate Your Billing Procedures With Internal Audits, Before an Outside Auditor Does

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

Would you pass an audit if a payer auditor showed up at your practice door? 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 help you find 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.

Tip: Refer to these internal audits as "reviews" to ensure that employees don't hear the word "audit" and panic. Some people equate an "audit" with finding mistakes, but "reviews" are considered check-ups of your coding practices.

#### Start With a Baseline Evaluation

You should begin your audit 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.

Why? 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 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. You should answer the following questions before you get started:

- What is the focus of the audit? You need to know exactly what you want to accomplish.
- What will the audit's scope be? Consider which providers, services, date ranges, and payers your audit will address. Look at areas such as incident-to billing, modifier use, and code edit unbundling.
- How will you select charts? Will you fix this process for each provider, or will you randomize the chart selection? You should select a minimum of 20 charts per provider for your review. That chart selection should include a variety of types of services, including E/M services, consultations, hospital services, and surgical procedures.
- What documentation will you review? Pull charts and organize supporting documentation, such as a printout of physician notes, account billing history, CMS-1500 forms, and explanations of benefits (EOBs) 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.

### **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.

**Pros:** 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.

**Cons:** But 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.

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.

**Best bet:** Each practice must determine for itself what types of audits their staff can reasonably complete, and what effects on cash flow the practice can handle.

### **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.

In a nutshell: At the bare minimum, you should conduct an internal chart audit on each physician at least twice a year. And if you identify a billing or coding problem, that interval should become more frequent.

And 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.

