

Psychiatry Coding & Reimbursement Alert

Practice Management Tips: Gear Up for Audits -- And Ward Off Losses -- With These Field-Tested Strategies

Beat auditors to the punch using a comprehensively planned internal audit.

With the Medicare and other payers targeting practices for an external audit, is your practice prepared for it? To know where you stand if your psychiatry practice is up for an external audit, you can gear up by planning an internal audit using our guidance that follows.

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.

Example: One of your psychiatrists has the habit of reporting 90806 (Individual psychotherapy, insight oriented, behavior modifying and/or supportive, in an office or outpatient facility, approximately 45 to 50 minutes face-to-face with the patient) for almost all the behavioral psychotherapy sessions he provides, even if documentation could support a higher-level code based on the provision of evaluation and management services (e.g., 90807) or time (e.g., 90808). The national non-facility Medicare fee for 90806 is \$82.03 (based on the national conversion factor of \$34.0376). The non-facility fee for 90807, by comparison, is \$99.39, and for 90808, it is \$119.81. Internal audits can show when you can earn approximately \$38 more for each encounter that qualifies for 90808 instead of 90806.

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: The time interval for conducting internal reviews after the baseline audit depends on several factors that include your time, 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 psychiatrist's 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 an Auditing Goal that Makes Sense for Your Practice

As noted, the frequency of your audits will depend on the size and type of your practice, as well as your baseline error rate. 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 only monthly or quarterly audits.

Baseline: You should conduct an internal chart audit on each psychiatrist at least once or 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. For instance, if your psychiatry practice functions along with other medical disciplines, then you can plan your psychiatry practice audit in one particular month, another discipline (for example, family medicine) in another month and so on such that every discipline receives equal concentration in the audit. This will aid in easy incorporation of the outcome of the audit and help reduce the burden on the team involved in the audit.

Many medical offices concentrate on their evaluation and management code levels during an audit, because E/M services are a common office service and often reviewed by many payers. However, if your psychiatry office does more

psychotherapy or other psychiatric services and procedures, you should concentrate your audit efforts there. As noted, your internal chart audit should focus on the procedures and services that you do most often.

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>.