The Audit Process
Auditing the Medical Record
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Types of Audits
- Internal vs. External
- Random vs. Focused
- Prospective vs. Retrospective

Steps in the Audit Process
Understand the steps involved in the audit process.

About the Presenter

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Jaci J Kipreos is president of Practice Integrity, LLC. She has been working in the field of medical coding and auditing for 28 years and has been a CPC® since 1994. Kipreos teaches PMCC and manages a national client list, providing compliance monitoring for provider documentation. She is currently the President of the AAPC’s National Advisory Board. She is the past president of the Richmond VA and the Charlottesville, VA local chapters.
Why Audit?

The business of medicine is highly complex, ever changing, and tightly regulated.

Hospitals, clinics, and private physicians’ practices must contend with many issues to stay in business.

Healthcare regulations are not always definitive, and may vary by payer, geographic area, and the setting in which patient care is provided.

Why Audit?

The only way to determine if the coding of a service is appropriate is to compare it against the medical record documentation.

An auditor is a medical professional who is able to ascertain the scope of an audit, use approved tools to perform the audit, compile the data, report findings, and provide necessary recommendations and training.
What is an Audit?

A medical record audit is an examination of claims data and medical records to determine if the documentation for a particular claim is compliant, if the claim is correctly coded, and if all charges are captured.

Any aspect of the patient encounter whether it is clinical information or billing/coding related can be audited.

What is an Audit?

Sometimes, the phrase “conducting an audit” is confused with the concept of monitoring.

Auditing is the process of examining the medical record, verifying information, and gathering baseline information to identify risk areas.

Monitoring is the ongoing process of reviewing coding practices and the adequacy of the documentation and code selection.
The Audit Process

How to start?

- What is the goal?
- Ease of obtaining the information
- How are the findings to be conveyed?
- Who requested an audit?

Answering these questions will help to determine the “scope” of the audit and help to determine what type of audit should be performed.

Types of Audits
## Types of Audits

### Internal vs. External Audits

- An internal audit is one that is performed by members of the organization. Some large hospital systems have an internal audit department that is responsible for auditing all aspects of the healthcare system (not just the coding and billing).

- An external audit is one that is performed by an individual or group that is not a part of the organization or the practice.

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### Random vs. Focused Audits

- Random audits – random selection of medical records to audit.

- Focused audits – one item, one type of service, or one provider.
Types of Audits

Prospective vs. Retrospective

• Prospective audits – prior to claims submission

• Retrospective audits – after claims submission and claims processing

Types of Audits

Peer Review

• Performed by another provider

• Key when medical necessity is questioned
Audit Types

Baseline Audit

Often the phrase “baseline audit” is used to represent a sampling of all services billed within a defined time period. The intent is to measure the coding compliance for each practitioner. The baseline audit should be 10-15 records per practitioner.

Steps in the Audit Process

Overall audit steps

1. Determine the scope.
2. Determine the sample used for the final selection.
3. Consider what tools or resources will be required.
4. Gather the documentation and perform the audit.
5. Communicate results.
Audit Planning

1. Determine the scope, or what services will be a part of the audit.
   - Select type of services to review
   - Select patient population based on payer type – will the audit be limited to just government payers, or all payers and self pay?
   - Determine the time frame to be used to select claims (eg, the last quarter, the last year, one week, one day)

2. Determine the sample that will be used for the final selection.

3. Consider what tools or resources will be needed to conduct the audit prior to beginning.

4. Gather the documentation and perform the audit.

5. When the audit has been completed, it is time to consider how the results will be reported.
Audit Scope

Determining the Scope

There are many ways to define the scope of an audit. One description could be that the scope helps to determine the range of the activities and the time period (months or years) of the selection of records that are to be subjected to an audit examination.

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Steps in the Audit Process

Determine the sample used for the final selection

- Identify measures
  - Specific services (new patient visits, specific procedure, specific modifier, etc.)
  - All services
  - One provider vs all providers in the practice
- Determine sample size
  - 10-15 charts per provider
  - All services performed on one day

Audit Sample

In the most simplistic form, a sample is considered statistically valid if the sample was collected using scientific sampling methods. Very specific methods can be used to ensure a statistically valid sample selection.
One method of sampling is non-statistical, or what may be considered judgmental. This type of sampling can be applied to a focused audit. The sample will be based on unique services that were defined in the objective and the scope.

For practices or auditors that desire an even better method to determine outliers, the Office of Inspector General (OIG) provides a free, downloadable software known as RAT-STATS (http://oig.hhs.gov/compliance/rat-stats/index.asp).
## Steps in the Audit Process

Consider what tools or resources will be required

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## Audit Tools

What are the tools that are needed to perform an audit and why have tools?

A good tool will summarize coding guidelines for one particular type of service. Having the key guidelines in one place allows the auditor to review a medical document and complete a form efficiently without needing to reference many resources all at the same time.
Audit Tools

A well thought-out audit tool will also be used to support variances. The tool will reflect the thought process at the time the audit was being performed.

Steps in the Audit Process

Consider what tools or resources will be required

- Applicable Payer Guidelines & Contracts
- Medical Policies
- Bundling Edits
- Office Policies

Additional Resources:

- CPT® Assistant references
- AHA Coding Clinic references
- Frequency reports by physician (utilization of levels of service obtained by the medical billing software)
- Utilization based on specialty (can be obtained by insurance carrier)
- Physician’s fee schedule by insurance carrier
- Medical Dictionary
- Medical Terminology reference book
- OIG Work Plan
- Other coding references
Audit Documentation

It is also useful to have available audit worksheets to reflect how the record was scored or audited. It is most helpful to create separate worksheets for each of the different types of service that may be audited.

An auditor may have the following worksheets on hand.
Steps in the Audit Process

Gather the documentation and perform the audit

- Onsite
- Offsite

- Who will gather the documentation, when will you receive it.
- Requesting additional information.

Steps in the Audit Process

Communicate results

- Audit report
- Communication with the audited provider/practice
- Education and training
- Ongoing audits
Audit Report

The audit report is a document that not only reflects any audit findings or variances, it is also used to summarize the original intent of the audit and outline the scope.

The report can also be used to propose the next course of action or a follow up time period.

Audit Report

To validate an audit result so that it is not only justifiable, but can be communicated in a way that permits a clear recommendation for mandated or suggested corrective action, the successful auditor must identify the resources and tools used to conduct the audit.
Conclusion

The audit process

- Types of audits
  - Internal vs. external
  - Random vs. focused
  - Prospective vs. retrospective

- Steps in the audit process
  1. Determine the scope.
  2. Determine the sample used for the final selection.
  3. Consider what tools or resources will be required.
  4. Gather the documentation and perform the audit.
  5. Communicate results.

Case 1

A nurse in a pulmonology practice notifies the administrator that nurse practitioners are seeing the Medicare patients without any oversight from the MD. The nurse suspects that all the claims to Medicare are being billed under the MD name.

Is this cause for an audit?

What might be a good first step?
Case 2

During a routine compliance audit performed annually for all providers in a cardiology practice it is found that one of the five providers had an issue with the documentation of level 5 established patient visits. Six of the ten records that were audited for this provider were level 5 established patient visits. Five of the six did not meet the documentation requirements.

What would be an appropriate next step?

• Thank you