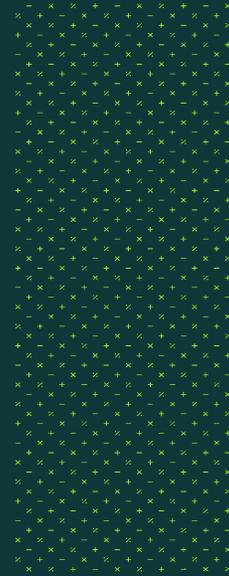




# Managing Compliance Risks: Audit and Monitoring Strategies

Presented by  
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## Agenda

- Government Expectation for Compliance
- Audit and Monitoring –
  - Definitions
  - Coordination and Cooperation
- Audit Strategies – designing, conducting and reporting
- Corrective Action Plans – considerations to drive results
- Ongoing Monitoring Tips and Areas of Focus



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## Audit and Monitoring – Perspective

- Driven by an assessment of risks and formalized in an annual compliance work plan
- Coordination, cooperation and shared responsibility for testing processes and procedures create efficient use of resources, leverage knowledge, and ensure a consistent ~~global~~ perspective
- Data and data analytics enhance the effectiveness, efficiency, and results of auditing and monitoring



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## Government Expectations

- The DOJ's 2019 guidance "Evaluation of Corporate Compliance Programs" updates and expands the prior 2017 guidance highlighting the importance of auditing and monitoring
- The updated guidance asks three "fundamental questions"
  - Is the program well designed?
  - Is the program being implemented effectively?
  - Does the compliance program work in practice?
    - Has your organization '...taken "reasonable steps" to ensure that the compliance and ethics program is followed, including **monitoring and auditing** to detect criminal conduct.'

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<https://www.justice.gov/criminal-fraud/page/file/937501/download>



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# HHS/DOJ Health Care Fraud Prevention and Enforcement Action Team's ("HEAT")

## Internal Auditing

- Perform proactive reviews in coding, contracts & quality of care
- Create an audit plan and re-evaluate it regularly
- Identify your organization's risk areas; use your networking and compliance resources to get ideas and see what others are doing
- Don't only focus on the money – also evaluate what caused the problem
- Create corrective action plans to fix the problem
- Refer to sampling techniques in OIG's Self Disclosure Protocol and in CIAs for sampling ideas

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<https://oig.hhs.gov/compliance/provider-compliance-training/files/OperatinganEffectiveComplianceProgramFinalBR508.pdf>



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## Auditing vs. Monitoring

- Compliance audit and compliance monitoring are related but distinct activities

### Audit

- Formal and systematic approach designed to evaluate and improve the effectiveness of processes/controls
- Retrospective; checking to see whether it was done and, if so, it was done correctly

### Monitoring

- Monitoring is an on-going function to ensure processes are working as intended
- Usually involves on-going checking and measuring

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## Example of an Audit and Monitoring Plan

Audit	Monitoring
Denials related to authorizations for changes in surgery	Epic work queues in place related to change in surgery
Inpatient admission – medical necessity	Spot checks of admission orders for completeness Electronic work queue for incomplete inpatient admission orders
Infusion therapy medical necessity – ED/OP departments	Work queues to review infusion therapy medical necessity
Physician arrangements	Accounts Payable alert for payments exceeding maximum amount in contract

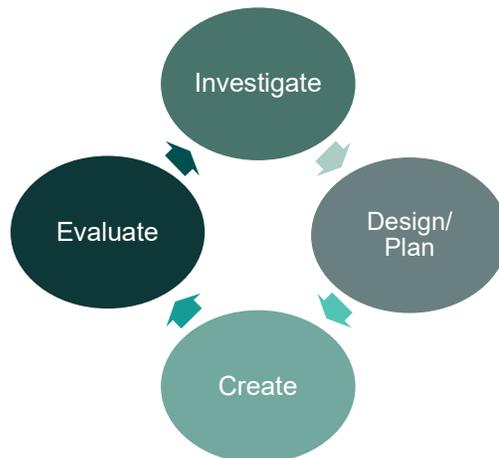
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## So, You Have Identified a Risk . . .

. . . Now What?



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# Audit Program Design, Testing and Reporting



- Define the need
- Establish your compliance goal / accuracy rate
- Obtain policies/procedures or rules/regulations for area of focus
- Choose an appropriate sample size
- Choose who should perform review
- Request data
- Prepare the audit report with findings and recommendations
- Corrective Action Plan (CAP)
- Ongoing monitoring

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## Defining the Need

- Based identified concerns on reported activity
- Identified from monitoring
- Random or focused audit
- Document the audit objectives
- Define the reporting process of results
- How often will the audit be performed?
- Audit Plan/Program



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# Compliance Goal

- A policy/protocol or rule/regulation to define expectations
- Define accuracy rate
- Determine what will be measured
- Define disciplinary action or education



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# Materials

- Policies and procedures
- Work Flows
- Training materials
- Interviews
- Data analytics



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# Universe and Sample

## Universe

- Time period
- Multiple years
- Data elements
- Completeness

## Sample

- Determine based on review areas and needs
- Prospective vs. Retrospective
- Current vs. Historical
- How to select sample
  - Random
  - Judgmental
  - Stratified
  - Statistically Valid
- Representative review (profile)



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# What is Your Sample Size

## Examples:

- Cloning concern – based on day or patient
- Infusion therapy – by beneficiary
- Credit balances – base sample on aging categories
- Overpayment refund – based on timing



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## Test / Audit – Who Performs?

- According the Office of Inspector General 's (OIG) auditing standards, evidence gathered by auditors and compliance officers should be sufficient, competent, and relevant.
- Internal vs. external – may be issue-specific or broader based determination



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## Test / Audit – Tools

- Templates--internally developed
- Testing attributes
- Procure ready made tools
  - Customize the tool to your organization
- Data extraction software
- Consider data set for long term consistency and comparability



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## How do You Count Errors?

- Count of 'met' and 'not met' for:
  - Claims
  - Lines (services billed)
- Net reimbursement impact
- Weighted points to the total lines
  - By line
  - By type of CPT code
  - Diagnosis errors
  - Modifiers
  - Teaching physician count



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## Reporting and Follow Up

- Draft report with stakeholders
- Rebuttals
- Final report with recommendations
- Follow-up on status of implementation of recommendations/corrective actions
- Identify monitoring activities for long term compliance
- Establish follow-up reporting timeframes



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## Corrective Action Plans

- Based on root cause of issue
- Collaboration with management to develop appropriate corrective action
  - Specific
  - Actionable
  - Measureable
  - Includes a timeline
- Responsible person/department
- Tracking mechanism
- Follow up interval



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## Ongoing Monitoring – Areas of Focus

- Coding work queues
- Denial management
- Claim Scrubber
- Ethic/compliance hotlines
- Electronic monitoring reports related to work plan focus areas
- Evaluation and management coding distributions
- Excluded provider listing/background checks
- Teaching physician supervision requirements
- Modifier usage
- Non-physician practitioner code use
- Clinical quality measures



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## Monitoring Tips

- Provide training for those performing monitoring activities
- Employ tools and templates to be successful
- Communicate results at regular intervals in a formal manner
- Utilize results to improve other compliance elements (e.g., training and communications, risk management, etc.)
- Follow-up on action items identified during monitoring
- Review the compliance monitoring program annually

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## Key Takeaways

- Audit planning and documentation
- Data management
- What are we testing
- Utilizing corrective action plans



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# Thank you for your time! Any questions?

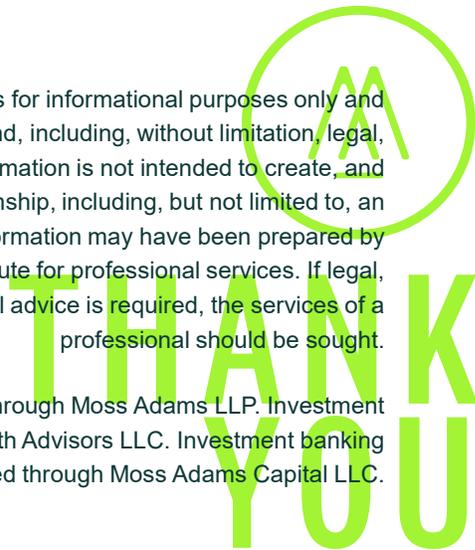
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