

Private Practice Checklist

Payor Audit Checklist



Government and commercial payor audits have become a regular occurrence for many medical practices. In many cases, payors request primary source data, or patient chart data from the treating physician, about a sample of patients and dates of service and extrapolate the results to the practice's entire universe of patients whose care is financed by the payor. For the applicable time period. Because of payor reliance on extrapolation, adverse findings with respect to even a single claim can have a significant effect on payor demands for recoupment. This Payor Audit checklist, provided by the American Medical Association, is intended to help practices respond effectively to payor records requests while minimizing the administrative burden associated with responding to such requests. A thorough and timely response could reduce the likelihood that a practice will have to return money to the payor, pay a penalty or lose access to the plan's beneficiaries.

Key Steps in Responding to a Payor Records Request

- **Review the request carefully and assign a senior staff member to be the point person for collecting the data.** Make sure that all staff are trained to treat payor records requests as a priority. Records requests need prompt attention from someone with experience to direct a methodical search for all the available documentation. Inquire if reimbursement for record reproduction costs is covered by the payor and follow instructions to receive reimbursement if allowed.
- **Consult the payor contract and provider manual.** The contract likely contains language addressing audits and recoupments, and the practice should make sure that the request complies with the contract. The personnel performing the audit may not have insight into specific provider contracts.
- **Calendar the deadline and don't miss it.** Payors assume that no response or an incomplete response means that there is an incomplete or no record and will issue findings accordingly. This can lead to large recoupment demands once the payor audit results are extrapolated.
 - If necessary, reach out early in the payor audit process to the contact person and request an extension to provide records. Many times, payors and their contractors will grant an extension once they know that a practice is actively working on producing the records.
- **Assemble a complete record.** Review the record before sending to ensure that it includes everything the auditor requested—not only the note, but the results of lab tests, imaging reports (and copies of the images where the practice is billing for technical components), and if applicable, hospital progress notes and orders.
- **Clinicians must take responsibility for reviewing the records produced.** Only the treating clinician can know whether the materials being produced constitute an accurate and complete record of the care given. They may also be able to accelerate receipt of records from other physicians. Many payor audit appeals can be avoided simply by producing a record that tells the patient's full story.
- **Consider adding an explanatory letter if the record is not complete.** Explanations created after the fact will not carry as much weight as a contemporaneous record, but they can help to explain why a particular course of action was chosen where the record may be unclear. You can also draw attention to specific aspects of the record that might otherwise go unnoticed. Furthermore, where the records requested all deal with a similar treatment, consider including a letter that explains your clinical processes and procedures with respect to the treatment.
- **Keep a copy of the package you submit and maintain it separately from your records system.** Most payors require electronic submission, so make sure to keep an electronic record of exactly what was submitted in a place where it will not be inadvertently deleted. If there are adverse findings, a complete submission package will make it much easier to determine if something was left out of the initial submission.
 - Many payor audits can take several months to process and may require an appeal. Having to recreate the submission package after a lapse of time makes the appeal process much more difficult and expensive.

Appeal Considerations

Once you have submitted the records for review, it is likely that payors will find that some records do not meet their documentation requirements. Consider carefully whether an appeal will be justified—sometimes auditors overlook key information, but sometimes the medical record truly is insufficient. Be practical about the time and expense it will take to appeal. If you decide to go forward, here are some reminders about the appeal process:

- **Calendar appeal deadlines, and do not miss them.** This is especially important for government payors as appeal deadlines are usually set by regulation and cannot be extended.
- **Review payor audit findings carefully.** Findings will usually include a code key that “explains” the reason a claim was disallowed.
- **Compare the findings to the submission package.** Carefully consider the merits of the payor audit findings. If the findings state that key information is missing, review the submission package to evaluate whether that finding is correct. Successful appeals often turn on alerting the appeal adjudicator to information that the initial reviewer overlooked.
- **Be prepared to resubmit records, either with additional materials or additional explanation.** Do not assume that the appeal adjudicator will have a complete record in front of him or her. For findings that you appeal, resubmit the entire record, either with supplemental information (if necessary) or with an explanatory cover sheet drawing the appeals adjudicator’s attention to information missed by the initial reviewer.
- **Do not waste your time or the appeals adjudicator’s time on appealing findings where it is clear your record does not support the billing.** Appealing a claim where you know you have no argument reduces your credibility on your other arguments.
- **Understand your leverage with commercial payors and evaluate the big picture.** Commercial payors will use the threat of terminating your participation agreement as leverage to reach a settlement on claims audits. Evaluate the dollar amount of the claims involved vs the time and expense of completing the appeal compared to the risk of contract termination from the payor. This evaluation could include consulting your attorney to determine the best course of action in these situations.

Important Considerations

- **DO NOT ALTER THE EXISTING RECORDS.** Record alteration can turn a routine payor audit into a fraud investigation, which can lead to fines and penalties in addition to the recoupment, and potentially lead to exclusion from federal payor programs or termination of participation in commercial payor programs. Alteration includes amending or changing existing records by adding to the record without clarifying that the addendum is not contemporaneous.
- **Remember that the payor audit is usually not about the quality of care given, it is about the quality of the records kept.** A payor audit is essentially a bookkeeping exercise. Do not fall into the trap of taking it personally. It is critical to maintain some objectivity when evaluating records prior to sending.
 - **NOTE:** There are payor audits specific to the quality of care. Usually, these types of payor audits are conducted by mid-level healthcare providers, such as nurses or physician assistants. In such cases, it may be useful for a physician to review payor audit findings to ensure that nothing clinical in the record was overlooked or misconstrued.
- **REMEMBER THAT NOBODY IS PERFECT.** It is extremely rare that auditors come back with no request for recoupment. The nature of medical practice is such that on a busy day, a clinician may not include all the necessary information in the record. Get comfortable with the idea that if there is a payor audit, there will be something to pay back, and that is just the cost of doing business as a medical practice. Remember, auditors are incentivized to find problems. This is their job, and they are paid to dig for even the most minor error.
- **Learn from prior experiences.** You should learn from prior audit experiences to improve documentation and avoid future problems. This should be added to your overall practice improvement plan.

Final Thought

Get help. Consider getting assistance from a lawyer or consultant who has experience with payor audits and appeals. They can assist in reviewing medical records to assess how a payor reviewer might respond and can help prepare a persuasive submission. Furthermore, an experienced lawyer or consultant can help you understand and comply with appeal procedures for both government and commercial payors. Finally, they can help you understand the extrapolation processes used by the payors and can help you evaluate whether a challenge to the statistical validity of the extrapolation is possible.