

AHIA 41st Annual Conference

The Heat is on in Healthcare Internal Auditing

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ahia

Assoc. of Healthcare Internal Auditors

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Learning Objectives

- ① Understand the necessity of medical practice audits and implications including the identification of key risk areas.
- ② Review and select the appropriate audit type and scope to accomplish identified goals.
- ③ Prepare for a medical practice audit and create a guide for reviewing key functional areas.
- ④ Develop on-site strategy, identify operational and compliance findings, and prioritize action items.

About PYA

- PYA, P.C. is a national healthcare advisory services firm providing consulting, audit, and tax services including:
 - Regulatory compliance
 - Risk assessments
 - IT advisory
 - Mergers and acquisitions due diligence
 - Fair market value assessments
 - Business valuations
 - Strategic planning
 - Operations optimization
 - Tax, audit, and assurance



44% FEMALE OWNERSHIP

Nearly 3x the average of similarly sized firms

- Inside Public Accounting



Introductions: Beyond the Suit...Tynan Kugler



- Tynan O. Kugler
- MBA/MPH, CVA
- Consulting Principal

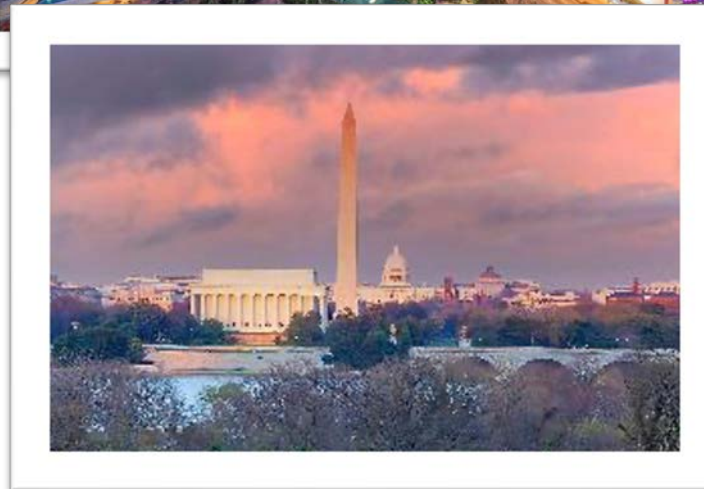


Image Source: Shutterstock.com

Introductions: Beyond the Suit...Katie Garmon



- **Katie Garmon**
- MSHA, CPhT
- Consulting Manager



SCAN
QR CODE!





Introduction: Medical Practice Trends

- Fewer physicians in private practice
- Shift toward larger practice size
- Hospitals and health systems, private equity and retailers continue to merge, acquire and/or affiliate with medical practices
- Ongoing impacts of COVID-19 have created financial and operational challenges
- Incorporation of value-based care will continue to drive collaboration among providers



- Audit scope
- Sample site visit guide
- Medical practice site visits
- Key players
- Exploratory topics
- Checklist
- Case studies

Topics of Discussion

Why Are Audits Important?

- Dated and irrelevant policies and procedures
- Incomplete personnel files and inadequate/non-compliant training processes
- Non-compliant compensation and referral arrangements
- Suboptimal billing and collections processes
- Environmental health issues
- Inappropriate disposal and/or storage of protected health information (PHI)
- Many other reasons...



Before You Start

- Understand the medical practice structure
 - Who is responsible for each operational function?
 - Are responsibilities consolidated or shared among different hospital or physician practice management departments?
 - If consolidated or shared, what is the nature of the relationship between medical practice staff and shared services personnel?
 - Does the responsibility for practice management rest with one individual?

Define the Scope

- Audit types
 - Remote audits/desk reviews
 - On-site visits
 - Hybrid
- Identify framework and scope
 - All-inclusive
 - Limited review
- Determine key players
- Identify appropriate partners, if applicable



Audit Scope Considerations

- Dependent on multiple criteria
 - Organizational concerns
 - Available resources
 - Primary focus areas
- Collaboration requirements
- Shared services personnel are often key
 - Detailed operational knowledge
 - Oversight and enforcement
- Timing



Exploratory Topics

Human Resources

Environmental services,
environmental health,
and/or facility safety

Laboratory services

Pharmacy

Billing and collections

Information security
and privacy

Revenue integrity and
expense management

Quality

Other...

Human Resources

- New hire and physician onboarding training
 - HIPAA, OSHA, specified time frame for each
- Annual HIPAA and OSHA trainings
- Office of Inspector General database – monthly exclusion checks
- Documentation of TB testing, Hepatitis B and flu vaccination
 - Dependent on practice risk
- Policies and procedures related to employee behavior and expectations for HIPAA, OSHA, and other regulatory compliance areas
- COVID-19 protocols
- Up-to-date licensure and credentialing information for all providers and staff
 - CME credits

Environmental Services, Environmental Health, and/or Facility Safety

- Hazardous waste storage and disposal
- Soiled linen storage, processing, and disposal
- Maintenance of shred bins and protected health information (PHI) disposal
- Personal protective equipment (PPE)
 - How PPE relates to COVID-19 patients and potential workplace exposure
- Fire extinguishers, posted evacuation routes, documentation of drills and attendance
- Physical security of building and contents
 - Restricted access to appropriate personnel

Laboratory Services

- Clinical Laboratory Improvement Amendments (CLIA) Certificate of Waiver
- Secure collection, labeling, processing, and transportation of specimens
- Equipment calibration and maintenance
- Maintenance of accreditation, if moderate or high complexity lab
- Staff competence and training
- Eliminating Kickbacks in Recovery Act (EKRA) compliance



A photograph of a pharmacist from behind, wearing a white lab coat, standing in a pharmacy aisle. The shelves are filled with various medications and bottles. The word "Pharmacy" is overlaid on the right side of the image.

Pharmacy

- Prescribing protocols
- Drug monitoring program participation and compliance
- Drug inventory management and counts
- Compounding pharmacy standards compliance
- Documented receipt, storage, and appropriate dispensing of sample medications

Billing and Collections

1. Routine collection of patients' copays, deductibles, and past-due balance amounts
2. Fee schedule management and updates
3. Charge capture
4. Claims filing processes
5. Coding audits and subsequent coding education
6. Proper incident-to and/or split-shared billing practices (if APPs are used)
7. Proper handling of patient discounts including write-offs of self-pay balances and financial hardship balances
8. Provision of professional courtesy write-offs
9. Management of patient and payer overpayments and appropriate refund issuance

Information Security and Privacy

- HIPAA incident documentation
- Annual HIPAA security risk assessment with corresponding action plan
- Routine email and system password changes
- Mechanism and policies for encrypting email
- Secure transmission and storage of medical records
- Physical security of information technology with access restricted to appropriate personnel
- Access logs and monitoring for unauthorized use and/or disclosure of PHI
- Executed business associate agreements with vendors where appropriate



Revenue Integrity and Expense Management

- Financial controls, including practice-level, end-of-day batch reconciliation and deposits
- Invoice reconciliation and approval processes for accounts payable
- Expense review, tracking and monitoring
- COVID-19 related loan sources and relief funds
 - Review reporting requirements and ensure appropriate documentation maintained
 - Allocation of relevant expenses per guidance (i.e., staff, medical supplies, janitorial services, equipment, leasehold improvements)

Quality

- Patient experience surveys and results
- Merit-Based Incentive Payment System participation structure, method for reporting and performance
- Adverse clinical event detection, processing, and reporting



Other...

Other Topics

Physical space and workflow

Ancillary services

Agreements and contracts

Other Considerations

Not all-inclusive list

- Additional departments or individuals may be needed
- May choose to limit or expand the scope based on various factors

Discuss and/or review results to avoid duplication of effort

Medical practice operations team should be included in the review process

- Validation of processes

Site Visit Goals

1. Identify control gaps, variations in processes, and emerging risks
2. Confirm practices are operating as expected and in compliance with organization's policies & procedures
3. Without direct observation, you risk missing deficiencies and opportunities to:
 - Strengthen internal controls
 - Standardize processes
 - Identify best practices to share
6. On-site visits may not always be feasible, but...
 - Provide invaluable insight
 - Highlight potential risk areas not otherwise captured in a remote desk review
7. Consider deploying resources to conduct in-person review for a sample of practice locations
8. Conducted by personnel familiar with practice operations, internal audit, or a combination of both

Plan the Audit

- Summarize any initial fact-finding conversations with the departments that interface with, provide shared services to, or are responsible for the medical practices
- Identify patterns based on comments and concerns to narrow focus
- Develop or refine audit guide to include key areas for consideration and representative questions
- Schedule audit during time that is least disruptive to patient care but still gives insight into operations





Audit Guide: Human Resources

- Do providers and staff receive HIPAA and OSHA training upon hire and annually thereafter?
 - If so, is timely completion monitored and documented?
- How often is the Office of Inspector General database checked for employees?
 - Are results documented?
- Do personnel files include maintenance of employee health records as appropriate (i.e., TB testing, vaccination)?
- Are policies & procedures up-to-date, with routine reviews and revisions documented?
- Is someone responsible for monitoring licensure and credentialing information for all providers and staff?



Audit Guide: Environmental Services, Environmental Health, and/or Facility Safety

- Does the practice have a copy of OSHA policies and procedures on-site?
- In the event of an OSHA incident, is appropriate documentation and proof of resolution/remediation maintained?
- Do practice staff have adequate access to appropriate PPE for their job duties?
- Is hazardous waste disposed of appropriately?
- Are safety drills performed routinely with participation documented?
- Is facility access restricted immediately upon employee termination?



Audit Guide: Laboratory Services

- Is blood drawn, or are other specimens collected onsite?
 - If so, does the practice have the appropriate up-to-date Clinical Laboratory Improvement Amendments Certificate of Waiver, or necessary certificates for other types of testing?
- Do staff receive appropriate training and/or undergo competency assessment regularly?
- Are appropriate control tests run on lab equipment?
- Are referral and/or compensation arrangements regularly reviewed for EKRA compliance?



Audit Guide: Pharmacy

- Does the pharmacy participate in a drug monitoring program and regularly review patient dispensations on the platform?
- How often are inventory counts conducted?
 - Describe the process for inventorying and counting controlled substances.
 - Are there processes in place to identify potential drug diversion?
- If the pharmacy compounds medications, are processes compliant with compounding pharmacy standards?
 - Are environmental checks routinely conducted?



Audit Guide: Billing and Collections

- Are front desk staff routinely requesting patient copays, deductibles, and past-due balance amounts?
- How often are fee schedules reviewed and revised?
- Is there a process for routine auditing and monitoring of coding accuracy?
 - Is feedback and coding education provided?
- Are professional courtesy discounts provided?
 - If so, how often and how are these administered?
- Do billing staff routinely review patient and payer overpayments?
 - Are refunds issued timely and compliantly?



Audit Guide: Information Security and Privacy

- Does the practice have a copy of HIPAA policies and procedures on-site?
- In the event of a HIPAA incident, is appropriate documentation and proof of resolution/remediation maintained?
- Is any PHI visible on countertops, workspaces, or other surfaces?
- Are passwords routinely changed?
- Has the practice undergone a HIPAA security risk assessment?
 - If so, what were the results and action plans documented?



Audit Guide: Revenue Integrity and Expense Management

- Where is cash maintained and when is cash collected?
- Do front desk staff have locked drawers or bags for storage of collected cash and checks?
- Where are keys for these drawers or bags stored during clinic hours?
- Who reviews and reconciles invoices?
 - Who has check signing authority?
- Are COVID-19-related expenses tracked and documented as appropriate?



Audit Guide: Quality

- Are results of patient experience surveys reviewed?
 - If so, who is responsible for appropriate follow-up and resolution of complaints if needed?
- How is MIPS quality data reported (i.e., direct, registry, etc.)?
 - Reporting as a group or for each individual provider?
 - How is performance communicated to providers annually?
- If an adverse clinical event is detected, what information is collected, documented, and reported?
 - Who is responsible for appropriate follow-up and resolution?

A stethoscope is positioned diagonally across the frame. The background is a light blue color with a faint grid pattern. In the lower right, there is a line graph with several data points connected by lines, showing an overall upward trend. The stethoscope's chest piece is in the foreground, and the tubing extends towards the top right.

Audit Guide: Other...

- Physical space and workflow
 - Is the space clean and well maintained?
 - Is signage consistent throughout the interior and exterior, and does the signage reflect your system's brand?
 - Are foot pathways clear and unobstructed?
- Ancillary services
 - Does the practice provide ancillary services?
 - If yes, does the practice qualify as a "group practice" under the Stark law?
 - Has a review been conducted to ensure profits from Designated health Services are being distributed via a compliant methodology?
- Agreements and contracts
 - Has a review of physician and non-physician-related contracts been conducted? If so, how recently?
 - Has a review of material contracts with suppliers been conducted? If so, how recently?
 - Has a review of operational contracts been conducted? If so, how recently?

RISK ASSESSMENT

Assessment Item	RARE (A)	UNLIKELY (B)	POSSIBLE (C)
Severity			
CRITICAL (5)	MEDIUM	MEDIUM	HIGH
SERIOUS (4)	MEDIUM	MEDIUM	MEDIUM
	LOW	MEDIUM	

Action Items, Prioritization, and Planning

- Identify key findings and opportunity areas
 - Rank in order of risk to the practice and organization
 - Red, yellow, green
- Assign responsible parties for follow-up
- Establish a timeline for completion/resolution
 - Require medical practice staff to attest to their compliance and/or completion of certain activities
- Conduct an “end of audit” meeting
- Supplement with periodic mini-audits of selected high-risk topics

Case Study #1

- Medical practice audit with emphasis on revenue cycle processes
- On-site visit, accompanied with remote data review and analysis
- Several important findings:
 - Lost revenue due to provider services rendered prior to completed credentialing
 - No provider or billing manager approval required on edits made to charges and/or provider note
 - E/M visits not included in quarterly coding audits and coding education sessions
 - No formalized policy or guidelines for providing financial hardship exemptions to patients
 - No routine review and updates to fee schedule
 - Undeliverable patient refunds checks not filed as unclaimed property per state guidelines

Case Study #2

- Medical practice audit with emphasis on operational compliance risk
- On-site visit and on-site review of documentation and policies & procedures
- Several important findings:
 - OSHA policies & procedures not updated to include most current site-specific information, including name of safety officer, location of manual, etc.
 - Safety data sheets not updated as of 2013 and not all substances in use with corresponding safety data sheet
 - No evacuation routes posted, and no fire/emergency drills conducted
 - E-mail and system passwords not changed regularly
 - Shred bins not routinely monitored and PHI visible

Key Take-Aways

- ✓ Operational, financial, and compliance performance can be improved by implementing a robust and comprehensive medical practice audit program.
- ✓ Medical practice audits not only identify risks but also opportunities to increase standardization and share best practices across locations.
- ✓ As organizations grow or increase their affiliations, opportunities to review and improve the audit approach becomes increasingly important.





Questions?

Thank You!



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Save the Date

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Assoc. of Healthcare Internal Auditors

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September 17-20, 2023

Sheraton Grand Seattle

Seattle, Washington