# Strategies for Minimizing the Stress and Financial Implications of Looming External Audits

## Protect your financial stability through robust audit response and analytics

When the COVID-19 pandemic hit, state and federal regulators granted healthcare providers significant flexibility to expand their telehealth, remote patient monitoring and virtual care offerings. While some dubbed this rapid growth "the wild west of telemedicine," the move was out of necessity; providers needed to tend to their patients as quickly as possible while limiting the spread of a contagious virus. And although this period of freedom forever changed how we access healthcare, agencies such as the Office of Inspector General (OIG) and the Centers for Medicare & Medicaid Services (CMS) are now reining it in through increased attention to external audits.

"While some providers were better prepared than others to scale up telehealth, we should all be taking this moment to look at our operations," said Brenda Turner, Director of Product Consulting, Provider Solutions at MedeAnalytics, in the recent webinar, *Minimizing the Stress and Financial Implications of Looming External Audits*, sponsored by MedeAnalytics.

Even before the COVID-19 pandemic, Turner noted, an increasing focus on regulatory changes should have raised the alarm for healthcare providers to get serious about their audit management processes. Yet with operating margins shrinking annually and new funds tough to come by, many organizations are still ill-prepared for a rise in external audits. "But the cost of doing nothing can be catastrophic," she warned.

Recently, Midland Memorial Hospital in Texas had to pay back $555,000 to resolve improper COVID-19 claims.[1] Turner noted that across the country there have been numerous reports of patients receiving inappropriate bills related to vaccines where they had zero patient responsibility.

While it's unclear how far penalties will go, the response to such inappropriate bills and their negative patient experience cannot be ignored. And although the cost of audits can feel overwhelming, Turner pointed out that when external audit tracking is done manually or through disjointed solutions, "the costs are not purely in the cloth, but hidden in additional resource requirements."

That's why it's crucial not just to stay informed about external audits but to critically consider which tools can best support your staff through the challenge.

## Industry signs

To start, Turner recommends studying industry focuses and trends from OIG and CMS.

Over the last year, OIG not only announced it would conduct significant oversight work on telehealth services, but it would also increase auditing of Medicare Emergency Department

Evaluation and Management Services. Furthermore, it stated it would assess the accuracy of place-of-service codes on claims for Medicare Part B physician services when beneficiaries are inpatients under Part A. According to Turner, data suggests that incorrect place-of-service codes may have led to significant overpayments from 2018 to 2019.

Then there is CMS. CMS's budget for fraud, waste and abuse mitigation doubled from 2021 to 2022. And this past spring, the organization asked for a $50.5 million increase in funding for medical review activities, including pre- and post-payment audits and the Targeted Probe-and-Educate (TPE) process.[2]

While these are pressing signs, Turner has found that the best regulatory and compliance departments aren't only concerned with today's problems but those on the horizon. Some trends she's following include:

- **Payment parity laws.** State-specific payment parity laws should be a key focus for providers planning to continue telehealth services in the coming years. "We are working with clients to optimize their analytics to their geographical and payer policies," she explained.

- **Surprise bills and price transparency regulations.** Both will continue to shape how compliance works with patient access, billing and other departments, according to Turner.

- **Payer audits.** It is essential to consider how policy changes affecting payers will affect relationships with providers. For example, with a growing number of Medicare Advantage members, some MA RADV program changes will increase RADV audits for payers. How they are audited may impact provider audits as well.

## Tools to succeed

With these trends in mind, Turner advises organizations to critically assess their auditing process. Can your audit reviewers quickly communicate and respond to external audits? Have you missed any deadlines? Do you have analytic tools to provide insights into your appeals process and prove financial contributions?

"These questions can inform what tools will help minimize your audit risk and manage external audits efficiently to decrease take-backs, fines and penalties while managing the cost of working through the audit," she said.

This is the self-assessment Ardent Health Services undertook before partnering with MedeAnalytics in 2018 to implement its audit monitoring system.

Based in Nashville, Tenn., Ardent comprises 30 hospitals and more than 26,000 employees, bringing $4.4 billion in revenue annually. According to Melissa Barreras, Assistant Vice President of Health Information Management (HIM) operations, the organization's previous audit system was more of a data warehouse. "Whenever we needed to run a report, we essentially had to undergo a data dump and then manually refine it in Excel," she explained. "Per hospital, it would take 1.5 hours to run a report on average. Now, we can go into MedeAnalytics and run a report in 5-10 minutes."

This dramatically shifted buy-in from end-users and key stakeholders. "When your system is just a data repository, you have to keep track of deadlines manually. With an audit monitoring system, you can assign tasks – whether to a case manager or a CDI manager – and they will know what to do next. They don't have to fumble through spreadsheets," Barreras noted. This was a huge selling point because her team wanted a quick and efficient way to respond to appeals and denials.

Furthermore, by reducing the risk of human error, the Ardent leadership team was more confident in Barreras' data. "If your CFO looks at numbers and they aren't adding up, you're

going to lose their confidence in the process. Having reliable information has been extremely important, especially as we see more audits come through," she said.

## Staying ahead of the curve

The Ardent case study exemplifies how a positive ROI on your audit monitoring platform should not only consider cost but time and efficiency.

"At MedeAnalytics, when we talk about efficient audit monitoring, we're asking: How can we reduce time spent on audits and work towards zero deadlines missed? How can we increase our appeal success rate? And how do we allow users to work together across remote settings easily?" said Turner.

To that end, Turner recommends four steps for continuously improving your audit program:

1. **Work for the audits.** It's imperative to support ease of communication and document collection so team members can successfully complete appeals. "Audits are unavoidable, but we can mitigate the risk of paybacks through an effective appeals workflow," Turner noted.

2. **Track performance through robust analytics.** In today's ever-changing environment, leveraging staff effectively can make a notable difference in your organization's year-end financial performance. Protect your financial stability through robust audit response and analytics.

3. **Evaluate trends.** Which payers are auditing you most often? What types of audits create the most significant financial risk and why? Answering these questions will make it easier to improve your audit program.

4. **Monitor for risks for the future.** Once you have a better way to evaluate your past performance, you can apply this knowledge to the future. Having access to straightforward dashboards and reporting will help your team and your counterparts in CDI and billing departments develop improvement plans to flag high-risk claims and stay ahead of the curve.

The rising volume of external audits poses a serious threat to healthcare organizations ill-prepared to manage them successfully. With current margins providing little room for penalties and paybacks, organizations must have appropriate audit appeal workflows and analytics to trend where they should align staffing and training improvements to have the greatest impact.

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## Learn more at
[medeanalytics.com/client-success/](medeanalytics.com/client-success/).

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**References**

1. Office of the Inspector General. August 2021. *Midland Memorial Hospital Agreed to Pay $555,000 for Allegedly Violating the Civil Monetary Penalties Law by Submitting Claims to the HRSA COVID-19 Uninsured Program Not Provided as Claimed.* [https://oig.hhs.gov/fraud/enforcement/midland-memorial-hospital-agreed-to-pay-555000-for-allegedly-violating-the-civil-monetary-penalties-law-by-submitting-claims-to-the-hrsa-covid-19-uninsured-program-not-provided-as-claimed/](https://oig.hhs.gov/fraud/enforcement/midland-memorial-hospital-agreed-to-pay-555000-for-allegedly-violating-the-civil-monetary-penalties-law-by-submitting-claims-to-the-hrsa-covid-19-uninsured-program-not-provided-as-claimed/).

2. Centers for Medicare & Medicaid Services. May 2021. FY2022 *Justification of Estimates for Appropriations Committees.* [https://www.cms.gov/files/document/fy2022-cms-congressional-justification-estimates-appropriations-committees.pdf](https://www.cms.gov/files/document/fy2022-cms-congressional-justification-estimates-appropriations-committees.pdf).

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