MedPro Group
a Berkshire Hathaway company

Risk Tips

Billing & Coding Compliance

Corporate compliance in healthcare covers a range of legal and ethical aspects, from ensuring privacy and confidentiality of patient data to maintaining a safe physical environment. One crucial component of corporate compliance is having accurate and well-monitored billing and coding processes.

Errors in billing and coding can have serious consequences, including allegations of fraud, significant legal costs, loss of reputation, and even criminal penalties. In many cases, these errors might be inadvertent; however, merely not understanding the law or failing to provide compliance training for staff usually is not a sufficient excuse for violations.

Issues related to billing, coding, and reimbursement are highly complex and heavily regulated. The risk strategies that follow are intended to provide general guidance for establishing a solid foundation for billing and coding compliance. Healthcare practices also should consult with legal counsel and compliance experts to develop and implement detailed and effective compliance plans.

1

Ensure your corporate compliance plan includes guidelines and standards for billing and coding in relation to government and private payers. Individuals who have billing and coding expertise should develop these guidelines and standards.

2

Educate providers and staff members about billing and coding compliance and common mistakes and errors that could potentially lead to fraudulent claims, such as the practice of copy and paste in electronic health records.

3

Ensure that staff members who are responsible for billing and coding are appropriately trained and have the necessary competencies to perform the job, including knowledge of current coding and reimbursement standards, federal policies and rules, and ethical principles.

4

Support a culture of compliance and encourage staff members to report any concerns about billing and coding processes or discrepancies. Reinforce the practice's commitment to compliance and ethical standards by ensuring a nonpunitive approach to responding to billing and coding concerns.

5

Be aware of changes to billing and coding standards and alerts and guidance from the Centers for Medicare & Medicaid Services (CMS), the Department of Health and Human Services Office of Inspector General, and private payers.

6

Develop thorough documentation policies and requirements, and ensure documentation adequately supports the claims that your practice submits. Develop corrective actions for healthcare providers and staff members who do not meet documentation requirements.

7

Make sure providers and clinical staff members are aware that billing under another provider's name and National Provider Identifier generally is prohibited except when complying with CMS' incident-to or reciprocal billing rules. This practice also might violate private payer contracts. Noncompliance may result in damages under the False Claims Act (31 U.S.C. §§ 3729–3733) and potential criminal liability under the federal healthcare fraud statute (18 U.S.C. § 1347).

8

Monitor billing and coding activities to identify potential issues and ensure processes are working as intended. For example, review denied claims to identify problematic patterns within billing and coding processes.

9

Routinely audit billing and coding activities to identify inconsistencies and errors and avoid improper payments. Auditing is a comprehensive review and requires more effort than monitoring. The organization's compliance officer and compliance committee should be involved in conducting audits or overseeing audits (if an outside vendor is used).

10

Be aware of potential red flags during audits. Red flags include:

- Using billing codes that reflect a more severe illness than actually existed or a more expensive treatment than the patient received (a practice referred to as "upcoding").
- Billing for services that providers did not actually render.
- Billing for services that were not medically necessary.
- Billing for services that an improperly supervised or unqualified employee performed.
- Billing for the services of an employee who has been excluded from participating in federal healthcare programs.
- Billing for services of such low quality that they are virtually worthless.
- Billing separately for services already included in a global fee.[1]

11

Ensure your auditing process includes mechanisms for (a) implementing corrective actions (such as addressing systems errors, educating staff members, and taking action to correct overpayments and underpayments), and (b) putting safeguards in place to prevent similar errors.

12

If your healthcare practice plans to outsource billing or coding functions, perform due diligence of vendors to ensure compliance with statutes and standards, and make sure to execute a business associate agreement. Due diligence also is essential if your healthcare practice plans to use an outside consultant to perform billing and coding auditing.

Resources

- Centers for Medicare & Medicaid Services: Provider Compliance
- Medical Economics: Coding Audits 101: How Physicians Can Prepare
- Medical Group Management Association: The Value and Purpose of Medical Coding Audits
- Strategic Management Services: Monitoring and Auditing Practices for Effective Compliance: Best Practices for Compliance Officers
- U.S. Department of Health and Human Services Office of Inspector General: Compliance Resource Portal

Endnote

[1] U.S. Department of Health and Human Services Office of Inspector General. (n.d.). *A roadmap for new physicians: Avoiding Medicare and Medicaid fraud and abuse.* Retrieved from https://oig.hhs.gov/compliance/physician-education/index.asp