Baseline Audit Facts and How-To

When beginning any compliance program or installing compliance measures in a practice, one of the best tools to evaluate your current situation is a baseline audit and review. This audit should include all of the reviews noted in this Fact Sheet. Where possible, a qualified and certified consulting firm, such as KMC University, should be retained to provide the initial and annual baseline audits for all providers (preferably under Client/Attorney Privilege). A true baseline practice audit to identify your current status for compliance should include the following:

1. A minimum of ten charts per provider should be completely audited for documentation, coding, billing, and adherence to guidelines.
2. A baseline coding audit should be conducted to evaluate monthly code usage for the past twelve months or more. Conduct a comparative analysis that includes a review of Evaluation and Management Coding, chiropractic manipulative treatment coding, modality and procedure coding, and all other ancillary services provided to patients. This review should be conducted for each physician in the practice.
3. Conducted a review of existing policies and procedures to assess what is in place and what should be added.
4. A baseline audit is an opportunity to assess internal systems. The following systems may require review:
   a. New patient processing
   b. Documentation
   c. Financial Department systems for third-party and patient billing and collections
   d. Patient case management
   e. Marketing
   f. Internal and external communication
5. Review of your existing HIPAA compliance program for privacy and security, your OSHA compliance, and CLIA compliance, if applicable.
6. An assessment of your state-specific licensing, advertising, marketing, and advertising titles to ensure adherence to regulations and laws. This includes letterhead, business cards, signage, etc.
7. Validation of all licensed employees’ status and non-exclusion from Federal or insurance programs. This should include business licenses, professional licensure and certifications, and appropriate local tax licenses.
8. Analysis of any existing third-party contractual obligations and agreements to ensure full compliance with your obligations and expectations.

All of the reviews listed above are important and necessary when initiating a compliance process. They allow the practice to identify deficiencies and weaknesses that are inherent in a system designed by human beings. Mistakes happen, so a compliance program is needed to keep mistakes to a minimum and to provide an outline for action steps to correct them when they occur.

Documentation Audit

A chart review audit analyzes claim development and submissions from patient intake through claims processing. The audit provides insight to possible risk areas, inappropriate behaviors or conduct associated with the services provided, documentation of the medical record, and billing and reimbursement practices. The baseline review is done initially and then repeated annually. It consists of 10 charts per provider. Subsequent internal follow-up audits are determined by the errors and error rate identified in the baseline audit. The patient records are randomly selected by date-of-service after the provider’s last educational session and are recorded in pre-payment status.
Other Audit Activities
Additional components of the baseline audit are detailed and outlined in other Fact Sheets contained in the Compliance Department of KMC University's client area. They contain comprehensive summaries and step-by-step processes for auditing billing, coding, and explanations of benefits. As with the documentation audit, follow-up audits for the other areas of the practice should be repeated at least once-a-year.

Audit Reporting
The all-inclusive report of a baseline audit should include the following information and data:

- Audit Report by Provider:
  - Error rate data and regulations for identified errors should be included in the final report, as well as the summarized reports for each provider.
- Provider Recommended Education:
  - All identified errors should have a crosswalk to recommended training for each error. This should also include a date by which the training is to be conducted.
- Follow-up Audit Activity:
  - Based on the following table, an analysis of the error rate and the schedule for additional follow-up audits should be included and calendared.

<table>
<thead>
<tr>
<th>Error Rate</th>
<th>Schedule for follow-up Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>Annual</td>
</tr>
<tr>
<td>20%</td>
<td>Eight months</td>
</tr>
<tr>
<td>30%</td>
<td>Seven months</td>
</tr>
<tr>
<td>40%</td>
<td>Six months</td>
</tr>
<tr>
<td>50%</td>
<td>Five months</td>
</tr>
<tr>
<td>60-70%</td>
<td>Four months</td>
</tr>
<tr>
<td>80%</td>
<td>Three months</td>
</tr>
<tr>
<td>90%</td>
<td>Two months</td>
</tr>
<tr>
<td>100%</td>
<td>One month</td>
</tr>
</tbody>
</table>

The Compliance Officer is responsible for scheduling all audit activities. In addition, following the baseline audit, the Compliance Officer should provide a report to practice management that includes ‘benchmark’ error rates for each provider that can be used to monitor improvement. This report should be completed immediately after the annual and any internal audit activities.