

Why an audit? The audit process in BC explained

The BCMA Patterns of Practice Committee provides educational materials to physicians to clarify the Medical Services Commission audit process, and assists physicians by producing an annual mini-profile to help them better understand their patterns of practice, potentially avoiding a selective audit.

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ABSTRACT: The Medical Services Plan fee-for-service system requires a large element of trust that doctors will bill appropriately for their services. The Billing Integrity Program of the Medical Services Commission provides Medical Services Plan audit services. The Medical Services Commission monitors the billing and payment of claims in order to manage expenditures for medical care on behalf of Medical Services Plan beneficiaries. There are three main methods employed in monitoring payments for services rendered: random service verification audits, select service verification audits, and profile reviews. If the Billing Integrity Program considers that there is a reason to audit (random or se-

lective) the billings of a practitioner, they will forward their recommendations together with the pertinent data to the Audit and Inspection Committee. If the audit uncovers evidence of an unjustified pattern of billing, the Audit and Inspection Committee forwards the audit report to the Medical Services Commission with a recommendation that the Medical Services Commission pursue recovery from the physician for any inappropriate billings. If an agreement cannot be reached through the alternative dispute resolution process, or if a physician elects to forgo the process, the hearing requested by the physician will proceed before an audit hearing panel established by the Medical Services Commission.

The process of being audited can be a distressing event for physicians, whether it's by the tax department, the Medical Services Commission (MSC), the College of Physicians and Surgeons, or another agency. With respect to the MSC, physicians must accept that payment agencies are mandated to ensure accountability for the funds that are spent. The Medical Services Plan (MSP) fee-for-service system requires a large element of trust that doctors will bill appropriately for their services. Audits by the MSC indicate that this trust is usually well founded. Very few doctors bill inappropriately; fewer yet, fraudulently.

The Medicare Protection Act provides the MSC with the legislated authority to audit physicians. The British Columbia Medical Association Patterns of Practice Committee (POPC), jointly funded by the BCMA and MSP, has no authority to audit but does have the mandate to provide peer review advice to the MSC, and to provide educational information to doc-

This article is the opinion of the Patterns of Practice Committee and has not been peer reviewed by the BCMJ Editorial Board.

Dr White is past chair of the Patterns of Practice Committee at the BC Medical Association.

tors regarding their pattern of practice. The POPC also provides advice to the MSP Audit Working Group regarding appropriate case-finding criteria for selecting audits, audit criteria, and process criteria to ensure physicians are treated fairly.

The POPC works to educate physicians about their pattern of practice through the production of the annual

mini-profile. This profile is provided to all fee-for-service physicians, based on the claims data that are submitted for payment to the MSP. The mini-profile is designed to be user friendly and to provide a good comparison of a physician's practice to other colleagues in his or her comparison group. Adjustments of the data have become increasingly more sophisti-

cated such that comparisons not only involve age and gender distribution, but also comparisons based on disease burden and continuity of care.

A practitioner's profile may statistically flag for one or many fee items/services. This may simply reflect a certain element of uniqueness in a practice. Peer review by the POPC

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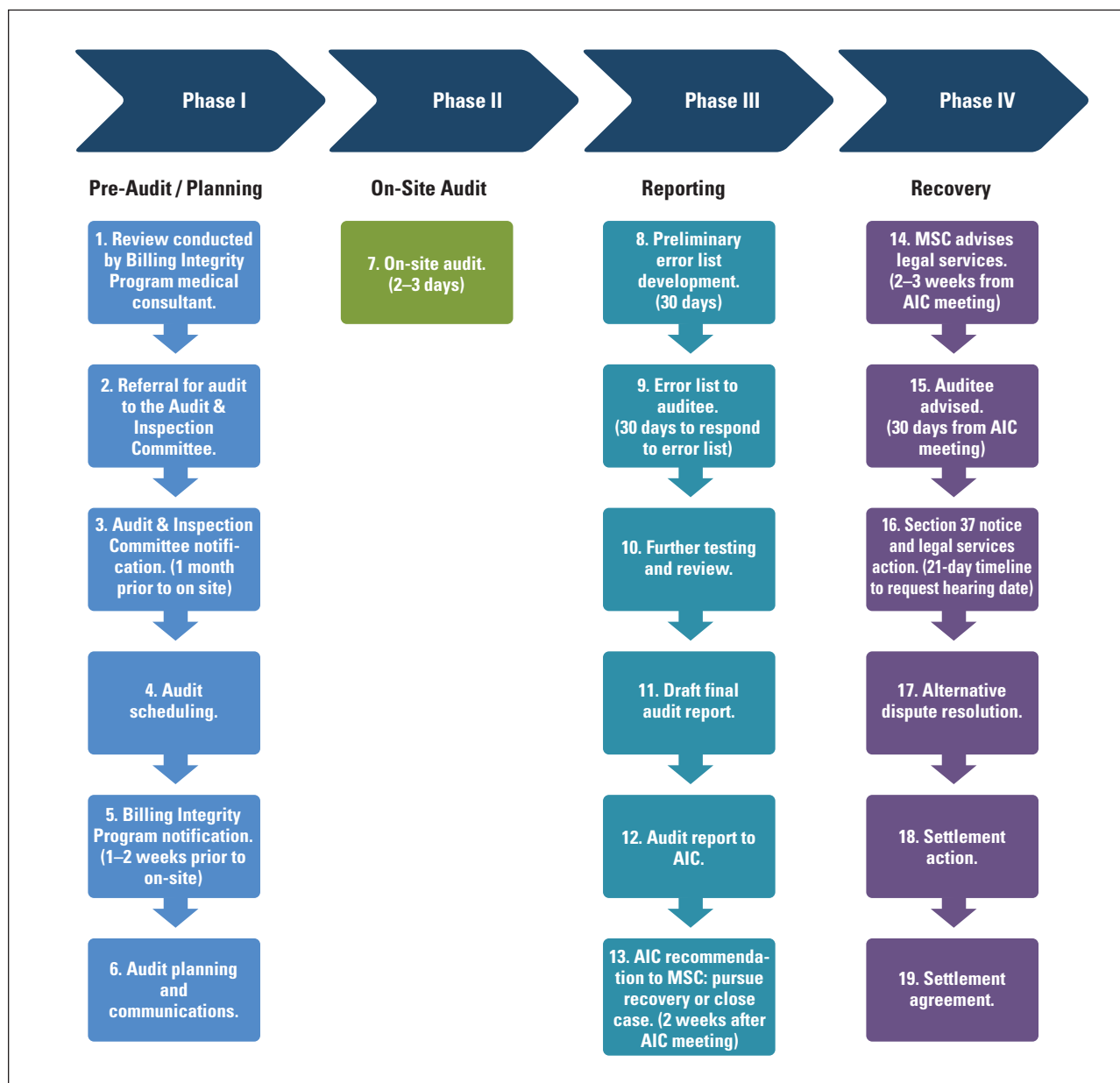


Figure. Billing integrity program—audit process for auditees.

AIC = Audit and Inspection Committee

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may sort that out. If not, the MSC may write to the physician for information and might eventually initiate an audit inspection.

How does the MSC monitor physicians?

The Billing Integrity Program of the MSC provides MSP audit services (see the **Figure**). The MSC is authorized, and obligated, to monitor the billing and payment of claims in order to manage expenditures for medical care on behalf of MSP beneficiaries.

There are three main methods employed in monitoring payments for services rendered:

Random service verification audits

Each year, up to 72 000 survey letters are sent to patients to confirm they received physician services that have been billed to MSP on their behalf. A minimum of 1200 physicians are chosen annually (at random) and letters are sent to 50 of their patients who have received an MSP-billed service in the preceding 6 months.

Select service verification audits

A select audit may be done because of

findings from a random audit or because of complaints by the general public/other doctors/referrals by licensing bodies and professional associations, or by atypical practice profiles.

Letters are sent to some of the selected practitioner's patients to confirm they received the specific services that have been billed to an MSP on their behalf.

Profile reviews

Practitioner profiles are also used to monitor payments for services rendered. As mentioned above, the POPC produces a mini-profile that is provided to all practitioners. The mini-profile is based upon a more detailed profile that is maintained by MSP. MSP monitors the profile data to identify practitioners that appear to be statistically significantly different from their peers in their billing patterns. The Patterns of Practice Committee is currently looking to move to an online version of the mini-profile.

How does MSC audit physicians?

If the Billing Integrity Program considers that there is a reason to audit

the billings of a practitioner, it will forward recommendations, together with the pertinent data, to the Audit and Inspection Committee. The Audit and Inspection Committee has been delegated by the MSC the responsibility for determining which physicians will be referred to the MSC for audit, and once an audit has been completed, which physicians will be referred for recovery action. The Audit and Inspection Committee consists of one physician representative from each of the BCMA and the College of Physicians and Surgeons, a government representative, and a public representative.

Random audits

The Audit and Inspection Committee very occasionally recommends audits of physicians chosen at random. Most random audits have very few material findings (usually none). Random audits serve as a type of control measure against which to compare selective audit results, as well as to identify any inappropriate billing patterns that would not necessarily have been flagged for review under current selection parameters. However, because audit resources are limited, most audit cases are selected for a reason, rather than random.

Selective audits

The Billing Integrity Program analyzes all of the information derived from its monitoring activities and looks for statistically significant variation from an average pattern of practice or billing, or other evidence of potentially unjustified billing practices. If such irregularities are encountered, the Billing Integrity Program may undertake an audit, usually at the practitioner's office. The audits are conducted by a medical practitioner (inspector), who is a peer of the physician being audited and who is nominated by the BCMA and approved or deemed suitable by the College of Physicians and Surgeons. The inspector is responsi-

How to avoid a selective audit

- Carefully review your mini-profile to see how your pattern of practice compares with colleagues. If there are flagged statistical outliers, confirm that such billings can be justified.
- Read the preamble to the MSP payment schedule and follow the preamble recommendations as well as any specific fee item guidelines. The POPC does not set policy on what physicians can and cannot bill for; such policy is defined in the MSP payment schedule. The document can be found at www.health.gov.bc.ca/msp/infoprac/physbilling/payschedule/pdf/1-preamble.pdf.
- Ensure you have an adequate medical record to prove that the service was medically necessary and that the service billed for was the one that was provided. If a service or patient interaction is not documented in sufficient detail for audit purposes (and also from a legal perspective), it is deemed not to have been provided.

ble for looking at the medical records. An auditor provides assistance and is responsible for the overall conduct of the audit.

Objectives of the audit are to determine whether:

- Clinical records exist to support that services were rendered for the dates of service that claims were paid.
- Complete and legible clinical records were maintained by the medical practitioner.
- Services rendered were benefits under the Medicare Protection Act.
- Fee items claimed were consistent with the services described in the clinical records.
- Services claimed were provided by the practitioner.
- Services claimed did not overlap with alternate payment arrangements.
- Beneficiaries were not extra billed for benefits under the Medicare Protection Act.
- Potential quality of care concerns existed.
- Patterns of practice or billing (including service frequency) were justifiable.

An audit report is completed and submitted to the Audit and Inspection Committee. If the audit uncovers evidence of an unjustified pattern of billing, the Audit and Inspection Committee forwards the audit report to the MSC with a recommendation that the MSC pursue recovery from the physician for any inappropriate billings. Any potential quality-of-care issues that may have been observed in the audit are reported to the College. The

practitioner has a right to a hearing before the MSC makes a decision about recovery. Most practitioners ask for a hearing but also elect to participate in a voluntary alternative dispute resolution process, which often leads to a negotiated settlement that is acceptable to the physician and the MSC.

If an agreement cannot be reached through the alternative dispute resolution process, or if a physician elects to forgo the process, the hearing requested by the physician will proceed before an audit hearing panel established by the MSC.

The audit hearing panel includes representatives of the government, the medical profession, and the public. It is a quasi-judicial body that has authority to make an order for recovery. Orders are filed with the BC Supreme Court. Physicians have access to support from the Canadian Medical Protective Association for legal assistance with the alternative dispute resolution and/or audit hearing process.

Notwithstanding the formal hearing process described above, most cases are settled through the alternative dispute resolution process.

The POPC is pleased to receive comments from practitioners. Please write to the committee at:

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and types of braces, taping techniques, and an overview of common medical and surgical interventions. In particular, physicians may appreciate viewing Appendix C, which provides photos and descriptions of standardized exercise protocols deemed effective for treating tennis elbow. These can be downloaded and printed as patient handouts.

In short, physicians should feel justified in avoiding corticosteroid injections for the treatment of lateral epicondyle tendinopathy, and should alternatively consider a proven rehabilitation regime that incorporates specific exercises and manual therapy techniques.

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Do you know an unsung hero in your community?

The *BCMj* is seeking biographical features of living BC physicians (or physicians who practised in BC for a significant time period). We want to celebrate the achievements of our colleagues while they're still around to read it themselves. It's a place to talk about the great work and diverse interests of our friends and colleagues.

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