

**CHILDREN’S HOSPITAL LOS ANGELES MEDICAL GROUP**  
**COMPLIANCE POLICY MANUAL**

<b>POLICY</b>	Compliance Audit Protocol
<b>SIGN OFF</b>	Robert Adler, M.D., CHLAMG Compliance Officer
<b>ISSUED</b>	February 11, 2009
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**POLICY**

It is CHLAMG’s policy to review documentation, coding, and billing by all CHLAMG billing providers, the timeframe for these audits are based on the providers past audit scores, see table on page two of this policy for the timing of those interval audits. The purpose of the audit is to ensure that billing providers submit accurate claims for services that are medically necessary and medical record documentation provides support for those services. Compliance will audit the completeness of documentation, the accuracy of code assignment, and the appropriateness of claims billed to third party payors. Compliance will communicate back to the providers and forward information about corrective action for billing problems to PMG for remediation.

**PROCEDURE**

**I. CASE SELECTION AND REVIEW PROCESS**

- a. The CHLAMG Compliance Department will conduct the audit on inpatient and outpatient services
- b. Compliance will conduct audits on a non-statistically valid sample
- c. The audit consists of 10 cases per provider, representing high dollar, high volume, and/or or high-risk cases. CHLAMG will comply with HIPAA privacy and security requirements at all times

**II. MATERIALS NEEDED FOR THE AUDIT INCLUDE:**

- a. A copy of the CMS 1500 billing form
- b. Medical record documentation
- c. A list of the division’s current faculty, fellows, and allied health practitioners
- d. A copy of the Medi-Cal Physician/Practitioner Interface Document if relying on nurse practitioner or physician assistant documentation to support billing

**III. FINDINGS**

- a. Compliance will present a preliminary report to the division head and administrative director at the completion of audit fieldwork. Division personnel will have the opportunity to respond to preliminary findings or provide additional documentation at that time. Compliance may also schedule interim meetings or telephone conferences to obtain clarification or other information. The Compliance Department will incorporate divisional input into the final report and present it to Executive Compliance Committee (ECC).

**IV. FINAL REPORT**

- a. The Compliance Department will prepare a written report documenting the findings and recommendations at the end of the audit. The report will include the division’s overall compliance score and individual physician findings. The initial compliance ratings will serve as the baseline for future audits.

**V. EDUCATION**

- a. Compliance will provide a general education session covering the audit findings and necessary corrective action and set up individual sessions between the auditor and physician, as Compliance deems necessary. The auditor will review the provider’s audited record sample with the physician or allied health practitioner, identifying opportunities for compliance.

**VI. COMPLIANCE RATING**

- a. CHLAMG expects a minimum compliance rating of 90% of each individual provider as well as the division as a whole. The Compliance Department will re-audit, audit more frequently, and provide more education and training for providers or divisions that fail to achieve this goal. If a division fails to meet the 90% compliance rating, the Compliance Department will conduct more audits and education until the division achieves 90%. Once the division achieves 90%, Compliance will continue to monitor divisional compliance and report to the ECC on a regular basis. The ECC may impose corrective action if a division repeatedly fails to achieve the minimum compliance rating of 90%.

**VII. CORRECTIVE ACTION**

- a. The Compliance Department will audit each division at least annually. Compliance will conduct interval audits and education more frequently based upon the compliance rating. CHLAMG requires divisions and/or physicians who do not achieve improved and sustained compliance ratings to undergo corrective action including remedial training, pre-billing audit holds, and suspension or termination of billing privileges.
- b. Follow up and remedial action will occur on the following schedule.

<b>Compliance Rating</b>	<b>Interval Audit</b>	<b>Education</b>
95% or Greater	24 Months	24 Months
90 – 94.9%	12 Months	12 Months
75 – 89.9%	6 Months	6 Months
50 – 74.9%	3 Months	3 Months
0 – 49.9%	30 Days	30 Days

- c. The CHLAMG Compliance Department will conduct documentation, coding, and billing training for providers during the period between initial and interval audits and cover deficiencies Compliance identifies from audits. If the Compliance Department gives providers initial compliance ratings less than 90%, Compliance will perform interval spot audit of two cases per deficiency at the interval indicated above. Providers must obtain a 100% compliance rating on the interval audit in order to return to the annual audit schedule.
- d. Providers who do not obtain the required 100% compliance rating on the interval audit will attend an administrative compliance meeting with the CHLAMG compliance director and division head to review the corrective action plan. The provider may then undergo a second interval audit of two cases per deficiency within 2-4 weeks of the administrative compliance meeting. If providers do not achieve the 100% compliance rating after the second interval audit, the Compliance Department will place the provider’s claims on a pre-billing hold and an external firm will audit the provider’s claims at the division’s expense until the provider achieves and sustains a 100% compliance rating. The ECC and/or department/division head may elect to suspend the provider’s billing privileges in lieu of external audit, or implement more stringent corrective action.
- e. The Compliance Department will report all activities related to compliance audit, education, and monitoring, or corrective action to the CHLAMG board of directors.