How to be preprepared in the event of a payor audit with Kathleen Blake, MD, MPH

AMA's Moving Medicine video series amplifies physician voices and highlights developments and achievements throughout medicine.

Featured topic and speakers

In today’s episode of Moving Medicine, AMA Chief Experience Officer Todd Unger discusses what physicians need to know about payor audits—and strategies for responding to them—with AMA Senior Advisor Kathleen Blake, MD, MPH.

Find more payor audit resources under AMA private practice sustainability.

Speaker

- Kathleen Blake, MD, MPH, senior advisor, AMA

Transcript

Unger: Hello, this is the American Medical Association's Moving Medicine video and podcast. Today we're joined by Dr. Kathleen Blake, an AMA senior advisor in Santa Fe, New Mexico, who's going to share what physicians need to know about payor audits and strategies for responding to them. I'm Todd Unger, AMA's chief experience officer in Chicago. Welcome, Dr. Blake. Today's topic, payor audits. Sounds painful. I know this is something physicians don't like to think about but do need to be prepared for. There are a number of different types of audits that a practice could be faced with. Why don't we just start by talking about what those are and how they're different?
Dr. Blake: So I could not say better how this is a difficult topic, so I will ask our audience. Just saddle up, listen to what we have to say and please be prepared. So there are two audits that we are going to cover today and the first is the kind that comes from the government, meaning Medicare, and to some degree, Medicaid. And there's been an evolution over time. They now use what's called a targeted probe and educate process. That sounds okay.

Unger: It sounds awful.

Dr. Blake: Take it seriously, because the audit contractor will come in, they will work with you to go over your records, they will ask for more and more records, and then it's their job to educate you on how to do a better job with documentation. And this oftentimes goes through several cycles. Take it seriously the first round. Do not think that they will be, how shall I say, generous, kind, whatever. So take it seriously.

The second kind of audit is, we'll put it in the bucket of the commercial insurers audits. And the challenge there, it's many of the same principles but your contracts with those payors are different. And so there may be different triggers. Increasingly, we're hearing now that commercial payors especially are using artificial intelligence products to be able to see if you are becoming an outlier, and you really have to look at the rules and the requirements to be able to get it right. What works for one payor really may not work for another.

Unger: Now, I know anytime you would get an audit, that one would take that seriously and it may be intimidating. Why is it so important, of course, that people would take something like this seriously?

Dr. Blake: Well, it's really important. And ideally, you would treat this in the same way as when you are presented with a medical liability claim. And it's because it's about your reputation, it's about your ability to practice medicine, it's about whether you will be retained within a network or no longer allowed to see the patients that are in that network. And that really raises the stakes and so that's always hanging over your head that you might lose, for example, the ability to participate in Medicare. Depending on your specialty, that could be a really big deal.

Unger: These are obviously very serious downsides. How do you avoid a worst case scenario, which are some of the things you're outlining here? And what should you do if you receive an audit request?

Dr. Blake: So those are really closely connected questions. And the first thing that you do and we'll talk later about the audit that our practice went through and how we navigated it. But the first thing you do is take a deep breath. They are not talking about the quality of the care you've delivered. What they're talking about, what they're interested in is, did you document in the chart in a way that supports the billing that you submitted to either the government or to the commercial insurer? So you have to take, quite honestly, a bit of your ego out of it.
The second thing you have to do is you cannot keep it secret from your practice partners, your practice administrators or what I call your kitchen cabinet, which might be your attorneys, your accountants, other people, the coding and billing people, whether you employ them or you hire that as a service. And in fact, most audit requests come with a timestamp on them and the clock is ticking. You might have two weeks to respond, and that may not be enough time and so you have to start right away. You have to find out, are other physicians in the practice receiving similar notices or did it go to the practice as a whole?

Because you don't want all the different doctors sending in a different kind of response. And if you find you do a quick scan and you make a decision, "Can we get the records to the auditor in the time allowed?" And if you can't, you ask for an extension. Because you say, "I've got 3 out of 10 records but I know it's going to be hard to get everything you want. I want to get you everything you've asked for but I need more time." Far and away, if you show a good faith willingness to provide them what they're asking for, you'll get the extension.

Unger: Now, this sounds like something you can't really outsource. The physician would probably need to be pretty deeply involved, is that right?

Dr. Blake: That is the understatement of the century. Because as we talked about earlier, it does have to do with your professional reputation, it has to do with your ability to practice. And it sends the wrong message, if you say to someone on your administrative team or if you say to the most junior person on the team, "Take care of this," they can't. Because the first thing you have to look at is the medical necessity of what you did. Far and away, it was necessary. And you have to set that as the starting point for then what documents will support that decision, that medical necessity and level of complexity, and that perhaps other procedures and tests were needed. Only a doctor can do that. And ideally, it will be the physician who delivered the care. And so you cannot delegate this task.

Unger: Now, you mentioned just earlier in the conversation that this is something that has happened to you in your practice.

Dr. Blake: It did.

Unger: Tell us what you learned by going through this.

Dr. Blake: So the first is you think it's about your clinical acumen. It's not. It is really about out your billing practices. And in our practice, which was a statewide practice with multiple offices, one of our physician partners practiced in a community that had five cardiologists. And then overnight, it went from five to two. Our listeners can guess what happened next. The two people left standing, you might say, tried valiantly to deliver all the cardiology care that those people in that community needed. Their volume of claims went up and the complexity went up. They began to rely more on non-physician providers, clinical nurse specialists in this case.
So the audit request came in, small office, mind you, in a smaller community. And the administrator
didn't know what to do with it. But what this person did know is they were asking for a lot of stuff, and
said, "That's going to be a lot of work. Set it aside." That clock is ticking. And so then the practice was
non-responsive. And so then you get a knock on the door of the practice and someone hand delivers
you a notice that says, "You failed to respond. You're already in the doghouse. And now, by the way,
instead of five charts, we want multiples of that."

I don't remember whether it was like 50 charts or what. That was the five alarm fire. And then it was all
hands on deck, including getting outside consultation with an attorney who handles these things, it
involved the central office. That's when I became aware of it. It involved multiple people spending
nights and weekends putting that stuff together, making sure we were as fully responsive. Late but
fully responsive at that point.

**Unger:** So obviously, there are ways that practices can be better prepared. Should they get a payor
audit request? In that story that you just outlined, do you have a playbook for that response?

**Dr. Blake:** Yes. So the first is to start out with the fact everybody's going to get audited, okay. Just
assume that you will be audited. Because from that, you're then able to prepare yourself and the other
physicians in the practice, and you're able to prepare your staff. So it's really helpful to say and do this
at trainings, "If you ever receive a notice from the government or from a commercial payor that says
we need X number of records, don't keep it a secret."

Second, have your records to the degree possible and this is where EHRs do help. Have them be
audit ready so that everything from perhaps the referral, to the testing, to the decision making, is
available at the tip of your fingers. And then have it so that ... I think it's really important that people
just not be embarrassed or feel any shame that they just say, "This happens. We're going to deal with
it. And we will take care of it together." And even if you're afraid down inside, you will. You have to.

**Unger:** Thankfully, the AMA has developed some resources to help physicians navigate a payor audit.

**Dr. Blake:** Yes.

**Unger:** Tell us a little bit about those resources and where folks can find them.

**Dr. Blake:** Yeah. So on the AMA website, there are some and I did not prepare these materials. We
consulted with a law firm that does this day in and day out. And we asked the attorneys to develop
webinars. One is the basic level, the next is the advanced level. And think about what that is. An
attorney who is going to be your best friend and truly your best advocate. They're telling you some of
their own stories, what they wish had gone differently. They're telling you what they will need from you.
And these are the kinds of webinars I wouldn't have just the physicians or the office manager watch
them. I would have everybody as part of their in-service, their training, watch these. I've been through

URL: https://www.ama-assn.org/practice-management/private-practices/how-be-prepared-event-payor-audit-
kathleen-blake-md-mph
Copyright 1995 - 2021 American Medical Association. All rights reserved.
an audit. I learned a ton from listening to them.

**Unger:** Well, then it’s a good thing we have built out these resources on the AMA site. It sounds like a difficult process that you went through and for any physician out there. And these can be very valuable in putting together that response. Dr. Blake, thanks so much for being with us here today and sharing that perspective. We’ll be back soon with another Moving Medicine video and podcast. In the meantime, don’t miss great episodes like this. Make sure to subscribe on our YouTube channel or on Apple, Spotify, wherever you listen to your podcasts or find all of our videos and podcasts at ama-assn.org/podcasts. Thanks for joining us. Please take care.

**Disclaimer:** The viewpoints expressed in this video are those of the participants and/or do not necessarily reflect the views and policies of the AMA.