



Auditing Physician Billings

Purpose:

The CMA has developed a set of guiding principles to assist in the formation and modification of provincial/territorial billing audit processes. These principles will ensure that billing audit systems are fair, transparent, effective and timely, and that they uphold their original objectives of ensuring the accountability of public expenditures and educating physicians on appropriate billing practices.

Background:

As payments to physicians are made through public monies, the integrity of the payment system is validated through physician billing audits and reviews. Audits and reviews are usually prompted by: billings that appear to be outside of the “norm,” patient complaints, physician complaints or a “focus” on a particular service/area of practice/group of physicians. Each province/territory is responsible for and has in place particular processes and procedures to review physician billings.

Billing audits can be stressful events that, regardless of the audit outcome, have had adverse effects on a physician’s health and practice. Although changes over the years in

billing audit practices have occurred, they have not addressed all of the physicians’ concerns. Inadequacies in the existing procedures, such as the lack of a clear decision-making process, established review timelines and options for recourse still remain.

In response to this situation, many provinces/territories are reviewing and modifying their existing billing audit process. The CMA and Canada’s physicians believe in an open, accountable and transparent health care financing system. It is for this reason that the CMA has developed this set of principles related to the key components of the audit process to ensure it is fair, efficient, effective and serves the purpose it was originally intended – to ensure the accountability of public funds and to educate physicians on proper billing practices.

Principles:

Education on proper billing practices:

The audit and review process must be undertaken as an educational exercise. In a fee based system, billing code use and interpretation are complex and can often lead to unintentional errors. If or when inconsistencies occur, the physician must be

alerted and provided with the opportunity to explain his/her billing behaviour.

To assist in moving the audit and review process from under a cloud of perceived punishment to that of educational enlightenment, the repayment of any funds shall not commence until the audit and review process is complete and all appeal options have been exercised.

As part of this overall educational framework, it is recommended that all newly licensed physicians be offered an educational program on proper billing interpretations, procedures and practices, and of the audit process itself.

Fair, Transparent and Timely Process:

In order for the audit and review process to be perceived as fair, it must operate at arms length from governments and the Colleges. As a profession, physicians have been granted the privilege of self-regulation by society. Given that medicine is a highly complex art and science, physicians are the only group truly qualified to set and maintain standards and to uphold accountability in matters of professional behaviour.¹

The billing audit and review process must observe the principles of “Natural Justice” in that the:

- audit findings must be both impartial and be seen to be impartial and
- physicians affected by the findings must be offered a fair hearing by being given notice in writing of the findings; the opportunity to respond to the findings; all of the information to prepare a response; sufficient time to prepare a response; and an oral hearing if there is a dispute on factual

matters or if requested by the physician.²

Physicians should be informed that legal counsel and assistance can be retained at any stage of the audit and review process. Physicians should consult with their respective provincial/territorial division or the Canadian Medical Protective Association (CMPA) to see whether such assistance is available, or with lawyers who specialize in this field.

Specific time limits should be adhered to in the auditing and reviewing of a physician’s billings practice, particularly related to when the review period should commence and to the duration of the review period. For example, billings should not be reviewable more than 24 months after the service is rendered and the review period should not be greater than 12 months. These limitation periods recognize that physicians will not be able to recall, with certainty, the vast amount of information contained in a patient’s medical record over the past 10 years – the average length of time in which medical records must be held. It also ensures that audits and reviews are conducted in a timely fashion minimizing undue stress and hardship on the physician and, in light of the health human resources shortage, enabling them to re-focus their attention and energy on taking care of their patients.

1 CMA Policy, Medical Professionalism, 2002.

2 Student Behaviour Guide_Natural.Justice.htm, Dec. 2002

Informed Decision-Makers:

Audits and reviews to determine whether there has been any incorrect or inaccurate billing should be undertaken solely by a physician's peers, and where possible, consisting of physicians from the same specialty and subspecialty and with similar practice type, geography and demography. This peer review group shall consider age-gender distribution and the morbidity of the patients as well as other pertinent matters in arriving at its findings and conclusions.

Outcomes:

Any conclusions and/or findings from an audit and review must be prepared in a written report and forwarded, in a timely manner, to the physician and the paying agency. If either party is not satisfied with the findings, they have the option of launching an appeal.

The preferred route would be to pursue and use Alternative Dispute Resolution processes since they tend to encourage a more co-operative climate resulting in fair and appropriate settlements, while avoiding the excessive financial, psychological and procedural costs that can be associated with formal court proceedings.

Conclusion:

These guiding principles are the product of an international, provincial and territorial scan of billing audit practices. They have undergone extensive consultation with the provincial/territorial medical associations and national medical organizations.

They should be used to form the foundation of and to guide any reviews or modifications to existing provincial/territorial audit and review processes.