

RISK MANAGEMENT ARTICLE

Dental Audits: What You Need to Know

Dental Offices are being audited more than ever before. Audits are conducted by governmental agencies, contractors (RAC audits), or by third party payors or their agents. The consequences of the audits could be anything from the denial or disallowance or a few claims, to extrapolation of the findings, to termination or exclusion from the plan or program or disciplinary action or even criminal prosecution when there is evidence of fraud. The defense of audits can be time-consuming and often involve the need for and cost of legal advice and representation. Moreover, these costs are generally not covered under any insurance you have for your practice.* As a dental provider, you should be aware of your rights and understand the possible consequences of these audits.

I. The Audit Process

Initially, you want to understand your procedural rights. In the event of a third party payor, that means you need to review your contract. Hopefully, you have maintained the participating provider contract, and any amendments or revisions thereto. If not, request a copy. Third party contractors often do not set forth those rights in the audit communication. They ask for information and inform you of what they have found. Then they often take steps to withhold the amount they deem as repayment. The process is not always apparent and not always transparent. For instance, there may be ongoing denials which if you do not object to may be the basis of a finding against all similar claims. You need to review denials and the reasons therefore and if necessary, appeal from those denials. Often, similar audits will be conducted again on a yearly basis if the carrier finds that you continue to bill in the same way.

With audits done by or on behalf of governmental entities, they usually set forth your rights to respond and appeal from the findings. But, there are other times, a prepayment review, for example, that you may not have the same procedural rights to respond and object. In many cases, these regulations that apply to audits may be complex and can create pitfalls if not followed properly.

It appears that the current audits of dental offices are being conducted as "desk audits" and therefore dentists may not be advised of the audit when it is initiated. In these cases, there may have been a preliminary "probe" audit of a few of the dentists' files. The desk audits then consist of review of billings alone relating to certain procedures. If your state maintains a database or website that lists areas of auditing or billing alerts, these will provide you with the areas of most concern and therefore most likely to be audited. If you are a provider that bills only a few codes, know if there are issues with coding in your specialty areas.

II. "Random" Dental Audits: Red Flags

Although you may be told that it is simply a "random" audit, be aware that there is usually a reason you have been chosen to be audited. The most logical explanation is that you have a large volume, or you have had a change in your volume of billing generally or with respect to a particular code. Any time there is a significant change in your billing pattern, there is a red flag at the payors. You may very well have a reason for the change (you have new providers that you have hired, for example), but these red flags will often be the reason for an audit.

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We have seen a number of third party audits relating to surgical extractions. Often if you only bill surgical extractions, you are setting yourself up to be audited. You need to examine your billings to see if there are other codes which may be more appropriate.

Whenever you have procedures which could have been billed using a lesser code and you are always billing for the highest code, you are susceptible to an audit and payback. Moreover, your records need to justify the reason for the higher code. These records need to support your judgment. If all your records are the same and contain the same wording and narrative, there will be examined more closely and susceptible to denial. If you are being denied certain claims, examine your billing and correct how you bill. Review the CDPT Codes and make certain you meet the definitions.

In addition, review the records you send in when responding to an audit. Obviously, you cannot alter or create documents, but you can learn from any mistakes. If the payor will not pay unless certain things are clearly noted, make sure you do so in the future. Also, when asked for records, make sure you send in everything: notes, radiographs, etc. The payor is not going to ask you for things you forget to provide, but will assume you do not have it if it is not provided when requested. From a practical standpoint, many dentists may leave staff members with responsibility of providing information, but the dentist should always check what is being provided before it is sent.

III. To Appeal or Not to Appeal

If you have the right to appeal from the findings and you have a basis for appealing, take the time and appeal. If you do not appeal, it is tacitly implied that you admit that you were wrong in your billings. Moreover, if you do not change anything about your billings, there is just a continual basis for more audits and paybacks. Many third party payors will take additional action in the future if there is no change. For instance, a payor may terminate your participating provider status or not renew your contract. Although you may not mind no longer participating, if you are terminating, you will have to truthfully disclose such termination in credentialing questionnaires.

IV. Internal Audits

Third party payors and state agencies are very interested in the effectiveness a provider's corporate compliance program. Regardless of whether you have a formal compliance program or not, it is beneficial for you to conduct internal reviews and audits. After an external audit, it is particularly effective to conduct random internal audits and to identify and correct deficiencies and errors. Learn from the audits and improve yours and your office's documentation and billing practices and policies.

Conclusion

If you are audited and believe you need counsel, engage counsel as early as possible in the audit process. Gather as much documentation as possible to refute claims. Do not fabricate or intentionally destroy records or obstruct the audit. Electronic records accurately reproduced in a hard copy format are acceptable. Patient-specific documentation is vital to respond to these desk audits. Raise all objections and provide documentation to refute audit findings as early in the audit process as possible.

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Consider developing a compliance plan, if you do not have one in place, and using internal audits to its effectiveness and improve your billing practices.

Finally, understand your rights and the consequences of any audit. Be prepared to substantiate all your billings.

* If disciplinary results from an audit the defense of that proceeding may be covered and you may have other insurance which may cover a portion of the costs, but generally responding to and defending against an audit will not be covered. It is always wise, however, to review coverage to see if it does apply.

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