

# Key Medical Practice Audit Considerations

Medical practices and employed physician networks offer new points of access for hospitals and health systems and present opportunities for increased patient and community provider engagement. Medical practices have also had an increasing role in the patient care continuum as a result of mergers and acquisitions with larger healthcare organizations and other affiliation activities.

The effects of the COVID-19 pandemic continue to impact medical practices as they manage risks, often with limited resources. For physician enterprises to continue operating efficiently, audits are imperative. Audits can reveal opportunities, but may also uncover areas where organizations are in non-compliance. This checklist is intended to assist with medical practice audit preparedness and serve as a guide for reviewing key functional areas.

The following represents a sample of key medical practice audit considerations. It is not a comprehensive checklist, and further analysis may be required depending on the nature of the particular audit.

| 1   Human Resources  |  |
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| Review copies of all medical licensure for licensed professionals.   |  |
| Complete Office of Inspector General (OIG) exclusion check(s).   |  |
| Review proof of OSHA and HIPAA training for all new hires, and for all employees on an annual basis.   |  |
| Examine files to ensure the practice has the appropriate employee health records, such as the following: <ul style="list-style-type: none"><li>• Proof and results of tuberculosis (TB) testing</li><li>• Hepatitis B vaccination status (or acknowledgment of declination thereof); COVID, if applicable to organization policy</li><li>• Acknowledgment of employee handbook</li><li>• Incident reports, as applicable</li></ul> |  |

| 2   Environmental Services, Environmental Health, and/or Facility Safety   |  |
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| Review OSHA Policies and Procedures manual to ensure it contains up-to-date, site-specific information as appropriate. |  |
| Review OSHA incident log, documentation, and proof of resolution/remediation.  |  |
| Inventory personal protective equipment (PPE) on-site and staff adherence to PPE protocols.                            |  |
| Observe the location of hazardous waste bins and review vendor contracts and pick-up logs.                             |  |
| Review documentation related to the occurrence of safety drills, including staff attendance.                           |  |
| Evaluate employee termination procedures and ensure facility access is restricted upon termination as appropriate.     |  |

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### 3 | Laboratory Services

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| Determine the scope and number of laboratory services provided on-site.  |  |
| Review Clinical Laboratory Improvement Amendments (CLIA) Certificate of Waiver, or necessary certificates for other types of testing as appropriate. |  |
| Review documentation related to staff training and competency assessments.   |  |
| Examine maintenance logs and control testing documentation for lab equipment.  |  |
| Evaluate referral and/or compensation arrangements for compliance with the Eliminating Kickbacks in Recovery Act (EKRA).                             |  |

### 4 | Pharmacy

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| Confirm pharmacy participation in drug monitoring program and procedures for reviewing patient dispensations on the platform.   |  |
| Review documentation related to inventory counts. <ul style="list-style-type: none"><li>• Confirm the frequency of inventory counts, particularly inventory counts for controlled substances.</li><li>• Examine inventory count logs, and review the process for addressing identified discrepancies.</li></ul> |  |
| Determine pharmacy compounding status and compliance with appropriate compounding pharmacy standards.   |  |

### 5 | Billing and Collections

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| Review a copy of billing policies and procedures.   |  |
| Observe front desk staff adherence to requesting patient copays, deductibles, and past-due balances.                          |  |
| Review fee schedules and the last date of revision.   |  |
| Obtain copies of previously conducted coding audits, and review results.  |  |
| Evaluate feedback and coding education provided.  |  |
| Review professional courtesy policy and frequency of/amount associated with professional courtesy/insurance-only adjustments. |  |
| Review patient and payer overpayments and timeliness of refund.   |  |

### 6 | Information Security and Privacy

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| Review HIPAA Privacy and Security Policies and Procedures manual to ensure it is up to date.                                      |  |
| Review HIPAA incident log, documentation, and proof of resolution/remediation.  |  |
| Observe practice space and identify any protected health information (PHI) visible on countertops, workspaces, or other surfaces. |  |
| Determine protocol for changing computer and system passwords.  |  |
| Obtain a copy of the most recent HIPAA security risk assessment and review results and action plans.                              |  |

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## 7 | Revenue Integrity and Expense Management

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| Observe location(s) of cash and physical security of same. Determine if the practice has the following: <ul style="list-style-type: none"> <li>• Safe</li> <li>• Locked drawers or bags for storage of collected cash and checks</li> <li>• Keys for safe, locked drawers, or locked bags</li> <li>• Equipment for electronic deposit of checks</li> </ul> |  |
| Review invoices and invoice reconciliation process.  |  |
| Identify individual(s) with check-signing authority and any corporate credit cards.  |  |
| Review any COVID-19 expense-tracking documentation and Provider Relief Fund (PRF) reporting materials.   |  |

## 8 | Quality

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| Review results of patient experience surveys and documentation related to follow-up and resolution of complaints.   |  |
| Review Merit-Based Incentive Payment System (MIPS) reporting and documentation, to include the following: <ul style="list-style-type: none"> <li>• Method for reporting (i.e., direct, registry, etc.)</li> <li>• Reporting status (i.e., individual or group)</li> <li>• Results</li> <li>• Communication of performance to providers</li> </ul> |  |
| Review documentation related to adverse clinical events, including collected information, reporting, and follow-up and resolution.  |  |

## 9 | Other

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| Observe physical space and workflow, including the following: <ul style="list-style-type: none"> <li>• Overall cleanliness and maintenance</li> <li>• Interior and exterior signage and branding</li> <li>• Any obstructions in foot pathways</li> </ul>   |  |
| Determine if the practice provides any ancillary services. If yes: <ul style="list-style-type: none"> <li>• Determine if the practice qualifies as a “group practice” under the Stark Law.</li> <li>• Conduct a review to ensure profits from Designated Health Services (DHS) are distributed via a compliant methodology.</li> </ul> |  |
| Review the following agreements and contracts for compliance: <ul style="list-style-type: none"> <li>• Physician and non-physician-related contracts</li> <li>• Material contracts with suppliers</li> <li>• Operational contracts</li> </ul>  |  |

*If you have questions related to medical practice audit considerations or would like assistance with any matter involving compliance, strategy and transactions, or valuation, our team would be happy to assist.*