

Cautionary Tale

A BRUSH WITH DISASTER SAVED THROUGH COMPLIANCE

By Victor Glorioso, CHBME

Do you think a compliance program is an unnecessary expense for your company? Why should you spend thousands of dollars to develop your own program when “off the shelf” products are available and cheap? And anyway, how can you be caught up in a fraud suit against one of your clients when all you do is submit claims based on data your client sends you?

We recently had a situation arise that may give you some food for thought about your own compliance program.

We have been billing for this client for 17 years. The specialty is hospital-based cardiology, i.e., echoes, stress tests, and EKGs—not terribly complex and not terribly profitable. For 16 of the 17 years, we have been working from an electronic download of hospital patient demographics to which we match hand-written logs detailing procedure, ICD code, date of service, interpreting physician, etc.

Coincidentally, in the past year we have implemented our compliance program and it requires that we examine each client on a semi-annual basis, basically to audit what we have billed compared to what we have been supplied.

It was finally the turn of the client in question to be so examined, and it was clean as a whistle insofar as we had mirrored what the client had supplied 100% of the time. As an aside, we are very sensitive to flags raised by CMS and other

payers that deal with ICD codes rejected with a “medical necessity” or “compatibility” justification and we pursue them on an as-they-occur basis. One of our safeguards, especially for clients for whom we do not code, is to run reports that list and cross list CPT/ICD code usage, showing the frequency that each ICD code is used vs. the frequency of procedures.

Guess what? This report showed **two** ICD codes used for all EKGs for the past four months. Alarms went off in our shop; we contacted our compliance attorney and discussed how we were to proceed in notifying our client of the problem. Under his direction, we then notified our client, whose first reaction was amazement and then a reverse accusation that it was our responsibility to make sure that we billed correctly regardless of what was supplied to us, even though it was acknowledged that the client was coding. We suggested that the client’s attorney contact our compliance attorney and let them define the process as we go forward.

About a week later the client’s attorney and our people met in our attorney’s offices. The meeting was less than pleasant as the client’s attorney pretty much cross-examined us, mostly insinuating that we were at fault. Fortunately, we refuted every charge and demonstrated our competence and adherence to our compliance program. We provided definitive

information as to when the incorrect ICD codes occurred and could pinpoint it to a change in personnel (actually the suppliers of the hand-written logs are hospital personnel) and incorrect training on the hospital’s part. The logs were the source not only of physician charges but of hospital charges as well. The client and the hospital are now working together on how to report, what to report, and how to go forward. We have been completely exonerated and, as a matter of fact, have been recognized and praised for our diligence and use of compliance.

MORAL OF THE STORY

Compliance is not an unnecessary expense.

This one instance alone probably prevented us from being implicated in fraudulent charges had someone other than us discovered it. It surely saved us big bucks, plus any other unwanted consequences. An “off the shelf” product definitely would not have produced the programs and insight to detect what was almost an undetectable situation based on normal conventions. It was a close call.

Compliance is not only good business, it is good for business. ◆

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