

Compliance Today – April 2020 Eliminating the fear of the audit

By Sariah Hopkins

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At a recent conference I spoke with chief financial and chief executive officers of mental health and treatment centers around the country about payer issues, compliance, and auditing. In one conversation, an executive stated flatly, “We will not take any patients with this specific insurance company, because every time we do, they conduct a postpayment audit and just take the money back.” Another executive concurred and said that they weren’t sure how to move forward, because payers are watching records more and more closely and that they have never passed a postpayment audit. Shockingly, a third voice in the conversation stated that their electronic health record wasn’t fully implemented and that their records were a mix of paper and electronic.

Discussion journeyed to quality of earnings and the validity of even the cash-based revenue when a payer could recoup at any time for up to 18 months—for most insurance companies, there is an 18-month window of time wherein the payer can exercise their rights to recoupment or setoff of claims. This particular executive group had no confidence in their ability to defend their respective cases. They did not understand the difference between recovery and recoupment or underpayment reimbursement requests and adjustments—only that all three meant reduction of funds (in their case, without recourse).

I left the conversation shocked by the lack of compliance knowledge among these leaders. Many of them felt it was the requirement of the clinical director to know and enforce compliance, not an executive leadership function. I explained my belief that compliance is a top-down requirement and that no one is immune or exempt from compliance. The top-down culture of compliance is what has led our facility to respond to postpayment audits without fear and with closures with no negative findings. My colleagues were intrigued and wanted to know how we successfully implemented this culture and environment.

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