Dental practice audits

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Dental audits were rare at one time. Now, however, with insurance companies and third-party payers auditing more routinely, it is much more likely that a dental practice will face an audit.

Most dental practices that are contracted with dental plans are audited at least once during the course of their practice.

Many of these dentists are left wondering why audits are becoming a more routine exercise of third party payers. The answer: alarming statistics. The FBI estimates that 10 percent of the money expended on health care is due to fraudulent activity. Insurance companies estimate that fraudulent health-care billing represents up to $10 billion each year.

In addition, Medicare fraud is becoming more rampant. The United States General Accounting Office estimated that out of every $7 spent on Medicare, $1 is lost to Medicare fraud. Fraud is adding enormous costs to the nation's health-care system. As more fraudulent health-care charges rack up for insurance companies to pay, insurance companies are becoming serious about auditing health-care practices.

With a thorough understanding of the audit process, dentists will be better prepared for what appears to be the inevitable.

Why me?

After receiving notice of an impending audit, dentists often wonder why their practice has been targeted. Generally, the audits conducted by dental plans and third-party payers are a method of showing state regulators that the patients are receiving quality care. A third-party payer is an organization other than the patient (which would be the first party) or health-care provider (also known as the second party) involved in the financing of health care services.

The audits are typically meant to check the status of a dental plan and are not meant to be a check on the specific dental practice. The selection process third parties undertake to audit a given dental practice varies. Third parties may review dental practices based on how likely the practice is to have discrepancies once audited. The third party’s goal is to recoup lost dollars, and so this strategy is chosen to allow a third party to obtain the largest return.

A dental practice is most likely to be audited after submitting atypical claims online. A third-party payer analyzes each claim submitted. The auditors flag abnormal or atypical charges as these may suggest provider abuse. Additionally, third parties track information on practice charges by analyzing the average cost per claim, average cost per person and how often certain treatments are performed. With this information, the third parties target specific dental practices for an audit.

An auditor’s goals

Auditors typically share common goals. By conducting audits, third-party payers are attempting to prevent abuse of the payment system. By performing audits on practices, dentists are forced to understand the importance of keeping records and submitting only honest and accurate claims.

Also, dentists are more likely to keep accurate records and submit truthful claims when they know an audit may be lurking than if they assume their dental practice will never face an audit.

A second goal lies in with the first, and that is to help dentists understand and follow the third-party payer’s guidelines. Finally, the auditors are trying to find instances of overpayments to dental practitioners for claims the dental practice has submitted.

The audit process: first contact

Many dentists want to know what to expect if their practice is hit with an audit. First, the dentist will most likely be notified of the impending audit by a letter, however, the third-party payer may make initial contact with the dental practice by telephone. When a telephone call takes place, a day and time for the audit will be arranged, and the dentist should ascertain what type of audit will be conducted.

It is also advisable to ask why the audit is being performed. The answer may be that it was simply a random selection, but a dental practitioner should make certain that it was not because of a claim submission that the third-party payer flagged as abnormal.

Auditors and file access

When auditing the dental practice, the insurance plan will most likely send representatives to the dental practice to ensure that billing claims match documentation in patient files. Auditors will analyze whether amounts paid to the provider were for an actual member of their insurance plan, whether the services rendered were actually provided according to treatment plans and whether the services provided by the dentists were in accord with federal law.

Additionally, auditors may analyze patient files. Auditors may be interested in reviewing patient medical histories, dental histories, documentation of oral examinations, treatment notes, diagnosis, procedures completed, the outcome of each procedure and follow-up care. It is also possible that documentation supporting submitted claims will be requested during an audit.

Problems encountered during audits are most likely due to improper documentation of records rather than by fraudulent billings. The dentist is typically without recourse if the records in the patient file do not match up with the claims billed.

Various state laws and the HIPAA (Health Insurance Portability and Accountability Act) privacy rule permit third-party payers to access and review the health records of their members. However, third-party payers are no longer permitted to access the records of patients who are not enrolled in their plans like they were in the past. Therefore, third-party payers are no longer able to compare fluoride toothpaste and visit their dentist as often as recommended. Sugary foods and drinks can damage the teeth. Instead, replace these with healthy snacks such as cheese, raw vegetables, seeds, bread, crackers, breadsticks and fruit, and try to encourage children to drink more milk and water. Parents should try and reduce the number of “snack attacks” to no more than three meals and two snacks a day.”

“These simple changes to a child’s diet and oral health routine can really help decrease risks of tooth decay and other oral health problems,” Carter said.

(Source: British Dental Health Foundation)