Continuous Auditing & Continuous Monitoring:
How To Leverage Resources and Mitigate Risk
Healthcare organizations are under an increased threat of regulatory, financial and reputational damage from unidentified risks. Compliance officers face increased pressure to ferret out these risks quickly and institute actions to diffuse them before they can harm their organization.

Traditional periodic auditing processes where every provider is reviewed at a predetermined schedule can often be a “hit or miss” proposition when it comes to identifying risk areas. Many times the limited resources of a compliance group can be tied up reviewing providers who show a low chance of risk while high risk providers continue to operate under the radar.

Shifting to a risk-based auditing model can help by focusing precious auditing resources on those areas that pose the highest risks. It also increases the chances that issues will be uncovered and resolved earlier, saving your organization time and money.

Some compliance officers are showing renewed interest in another method of identifying potentially damaging risks and resolving them sooner: continuous monitoring (CM) and continuous auditing (CA). Most auditing leaders have been aware of CM/CA but haven’t seen the need to implement them or been able to figure out how best to incorporate them into their billing audit program.

Many organizations lack the internal capability, technology, or financing to implement CM/CA. Further, to institute such a program, it’s important that your Audit Committee understand and support the concept.

As you struggle with increased demands and limited resources, you may find that a CM/CA program can help. Here are five things to consider if you decide to head down this path.
Continuous Monitoring is an auditing method that enables management to continually review business processes for adherence to and deviations from intended levels of performance and effectiveness.

Continuous Auditing enables audit teams to gather data on an ongoing basis from processes that support auditing activity.

CM/CA also allows real-time monitoring of audits in progress and outstanding actions all in real time. It enables internal auditors to quickly pinpoint where they should be directing their resources to optimize the quality of their auditing program.

**Benefits of CM/CA**
Deploying CM/CA in your organization enables you to get results more frequently. CM/CA allows you to initiate corrective actions quickly to address issues as they occur thus eliminating the lag time that is often a downside of traditional, periodic based auditing and can allow problems to continue undetected. CM/CA reduces these risks which can result in significant cost savings.

A CM/CA program enables you to process every case through screening analysis to find likely problems. With a static, prescheduled audit program, you will typically review less than one percent of cases. By using CM/CA to monitor 100% of your transactions, you eliminate the chance that outlying issues will remain undetected for long periods of time.

CM/CA helps you develop a more robust and direct audit control program. You identify control issues in real time and can reduce your manual control processes. By leveraging technology, you can quickly distribute results to all relevant departments and stakeholders in the organization.

A CM/CA initiative that directly accesses your billing transactions also ensures the integrity of the data. When you rely on other departments to provide you with data, you open the door for incomplete or misinterpretations of the data you need to make key auditing decisions.
Preparing your organization for CM/CA

The first step in developing a CM/CA program is to establish an understanding of the concepts within the organization. Conduct informational sessions to explain the program, everyone’s role in it and why it is worth implementing in the organization.

The IT organization is often involved to guide and support CM/CA. You will need to determine if they have the time and resources to facilitate the process. If not, consider acquiring an off-the-shelf solution or engage an experienced third party partner to assist.

Questions you must answer at this stage include:
- Who will build the analytic?
- Where will the analytic run?
- How accessible and clean is your data?
- How will the data be acquired?
- Who is responsible for maintaining the analytic?
- How will the results be generated?
- What technology works best for you and your needs?
- Where does the process reside including access, security and support?

At this stage, you also need to develop the processes and procedures required for the program and determine how the program will be funded.
Implementing your organization’s CM/CA program

Once you identify the required data elements, you need to have the data automatically placed in a central file. Many different types of analytics are available from IT, clinical, financial and other business operations so you must choose which ones are most relevant to your input of source data.

Some of the key analytics areas you can consider to gain insight include denials, PEPPER metrics, high cost drugs and medical necessity.

There are also a number of tools you can use to identify, extract, analyze and leverage your data. Be prepared to continually adjust your analytics focus based on your audit results.

KEY STEPS TO DEVELOP YOUR ANALYTIC:

1. Define your project including the outcome for the business
2. Format the results, runtime and delivery of your analytic
3. Establish the iterations of testing you will need to reduce false positives and identify bad data
4. Gain approval from the business to lock in the results of your implementation plan to ensure support for all the elements of the initiative
5. Determine ongoing maintenance of the analytic in the event data, technology or business needs change
Establishing Governance of Your Program

Finally, establish a governance structure that will keep your CM/CA programs on track. You may only need to update current governance policies to include the CM/CA project or if one doesn’t exist, you will have to develop a governance plan from scratch.

Your governance documents should start with an outline of audit activities. These would include planning, fieldwork such as initial validation of the control processes and results monitoring through audit reports, issue updates and action plan reviews.

It’s important that your CM/CA program align with the goals and long term direction of the organization. Establish communication channels to convey the progress and results of the program on a regular basis. This feedback ensures that everyone in the organization is involved in the program and recognizes the benefits it provides.

Designing, developing and implementing a CM/CA program can take time, but the benefits of leveraging technology and your transaction data to minimize financial and reputational risks makes the effort worthwhile.
Once you've established a baseline, the next step is to make improvements by initiating a corrective action program that addresses your people, process, and technology.

**People**
Focus on training and education so everyone in the organization understands the depth and impact of the problem and what their role in solving it should be. Specific actions to take include:

- Establish accountability and self-reporting by root cause owner and process owner
- Set a zero to low tolerance for finger pointing and excuses
- Recognize improvement and determine consequences for unacceptable outcomes

**Workflow**
A thorough process review will help highlight redundancies and time-wasting tasks and will quantify the outcome or performance expectation for each task. The most effective way to improve the workflow process is to eliminate errors that could result in a denial.

Key points to include:

- Develop robust pre-visit/visit management process

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