



# BILLING COMPLIANCE HANDBOOK

**Southeastern Pathology Associates**

**Original: August 8, 2010**

**Revised: September 12, 2011**

**Reaffirmed: April 18, 2012**

**Reaffirmed: March 26, 2013**

**Reaffirmed: May 12, 2015**

**Reaffirmed: April 13, 2017**

**Reaffirmed: February 21, 2020**

## TABLE OF CONTENTS

<b>I. Program Overview</b>	<b>3</b>
Policy Statement	3
Purposes and Objectives	3
Scope and Implementation	4
Board Resolution	5
Code of Conduct	6
Duties & Responsibilities of the Compliance Committee	9
Duties & Responsibilities of the Compliance Officer	10
Training and Education	11
 <b>II. Program Policies</b>	
• Prevention of Improper Inducements, Kickbacks and Self-referrals	11
• Reducing the Risk of Improper Coding and Improper Billing; Documenting Medical Necessity and Covered Benefits	12
• Creation and Retention of Compliance and Medical Records	14
 <b>III. Program Procedures</b>	
• Reporting and Investigation of Potential Violations of Program	16
• Corrective Action	17
• Audit Process	18

## **PROGRAM OVERVIEW**

This billing compliance program consists of audit procedures and tools, documentation standards and quality improvement reporting mechanisms. Audit procedures and tools have been developed to assist with implementation of the program. Documentation standards have been developed using professional billing criteria as defined by CPT and Medicare. This program was designed to follow the CPT Manual and Medicare Carrier Manual Billing Guidelines.

## **POLICY STATEMENT**

SEPA Laboratories ("SEPA") requires all its representatives to act in a legal manner consistent with all applicable governmental standards and requirements.

- This Compliance Program is designed to enhance and further demonstrate SEPA's commitment to achieve the highest level of awareness of governmental and legal requirements.
- SEPA's goals are to provide effective training and education programs, audit and monitor SEPA's claim development and submission process and develop effective communications concerning compliance.
- The purpose of the Billing Compliance Handbook is to provide the overall framework of SEPA's compliance program.
- The goal of SEPA's compliance program is to help SEPA comply with all applicable federal and state laws, rules and regulations to prevent improper conduct and to promote quality, integrity and honesty in all its dealings with third party payers.
- It is the responsibility of each pathologist of SEPA and each employee of SEPA to read and understand the policies and obligations described in this compliance plan.
- It is the responsibility of each representative of SEPA to comply with this Billing Compliance Manual and with all health care laws.
- SEPA will provide its pathologists and employees access to relevant materials, including CPT Manuals and guidelines regarding the justification and documentation requirements for Medicare and Medicaid billing and submission of claims. Upon request, SEPA will also make available educational opportunities through meetings, seminars and written correspondence.

## **PURPOSE AND OBJECTIVES OF PROGRAM**

The purposes and objectives of this Billing Compliance Handbook and Program are to:

1. Establish standards and procedures to be followed by all SEPA

2. Designate a SEPA Representative(s) responsible for directing the effort to enhance compliance, including implementation of this Program.
3. Document SEPA's compliance efforts.
4. Ensure Discretionary Authority is not given to inappropriate person.
5. Provide a means for communicating to all SEPA pathologists, employees and representatives the standards and procedures all are expected to follow.
6. Establish minimum standards for billing and collection activities, including a system of monitoring and oversight of billing activities to ensure adherence to the standards and procedures established.
7. Provide a means for reporting questionable billing activities to SEPA.
8. Provide for the verification of compliance with this Program including audits performed through corporate legal counsel.
9. Provide a mechanism to investigate any alleged violations and to prevent violations in the future.
10. Increase training of SEPA pathologists, employees and representatives concerning applicable billing requirements.
11. Provide for regular review of overall SEPA billing compliance efforts to ensure that practices reflect current requirements and to encourage that other adjustments are made to improve this program.

## **SCOPE AND IMPLEMENTATION OF THE PROGRAM**

This Program shall be adopted by the Board of Directors of SEPA. The President of SEPA shall designate a Chair of the Billing Compliance Committee, and this Committee shall report to the President and the Board of Directors as stated in this Program. All SEPA pathologists, employees and representatives are required to participate in this Program. The Chief Billing Compliance Officer of SEPA will be designated by the President of SEPA to serve terms at the full discretion of the President.

A Billing Compliance Committee will be established by the Board of Directors and consist of the President, Billing Compliance Officer, Chief Operations Officer, Director of Human Resources, and any other persons the President appoints to serve in this capacity. The committee will be chaired by the President and will meet on a quarterly basis. Billing Compliance Committee members are charged with establishing standards for documentation and dictation of pathologists' reports and other laboratory results, as well as with the ongoing process of monitoring and evaluating the quality and appropriate use of CPT codes and the billing of codes related to those standards.

The Billing Compliance Committee and will be responsible for implementing and sustaining the compliance program. The Committee members are expected to understand the seriousness of non-compliance, the vulnerability of the auditor's position, and the confidential nature of the information collected on each physician. The Billing Compliance Committee shall ensure that guidelines for implementation of and compliance with this Program are adopted and

that copies of all relevant materials are provided to all SEPA pathologists, employees, and representatives. In particular, guidelines regarding the justification and documentation requirements for Medicare and Medicaid billing, and submission of claims, shall be provided to all SEPA pathologists, employees, and representatives.

## **RESOLUTION OF THE BOARD OF DIRECTORS REGARDING CORPORATE COMPLIANCE PROGRAM**

WHEREAS the policy of SEPA has always been that compliance with federal and state laws and adherence to SEPAs' own ethical standards is of primary importance; and

WHEREAS the Board of Directors have continually strived to promote and enforce, in whatever way possible, adherence to this corporate policy by SEPA pathologists and employees; and

WHEREAS the Board of Directors believe that adoption of a formal corporate compliance program regarding billing is an additional means to foster adherence to SEPAs' general compliance policies; and

WHEREAS the Board of Directors have considered and evaluated recommendations regarding development of a comprehensive corporate compliance program;

NOW THEREFORE IT IS HEREBY RESOLVED that the Board of Directors approve the development of a comprehensive corporate compliance program consistent with SEPA's policy of compliance with federal and state laws and its own ethical standards.

UNANIMOUSLY ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_ 2011 upon motion duly made and seconded.

Revisions approved by Board.

## **Code of Conduct for SEPA**

To fulfill its health care mission of providing quality laboratory services to patients, SEPA adopts the following standards of ethics and conduct, which shall be followed by each member of the SEPA community. In this Code of Conduct, the term “employees” includes all SEPA employees, agents, and independent contractors that are involved in the delivery of professional laboratory services to patients, or those who are involved in the preparation or submission of claims to third party payers.

### **Quality of Care**

SEPA health care professionals will provide quality health care in a manner that is appropriate, medically necessary, and efficient. Further, all patients of SEPA will be afforded quality clinical services.

### **Fair Treatment of Personnel**

SEPA is committed to providing equal employment opportunity and a work environment where each employee is treated with dignity and respect.

### **Compliance and the Law**

It is the responsibility of SEPA and each member of the SEPA community, including the pathologists, employees and relevant agents, representatives, contractors and vendors, to follow all applicable laws and regulations, and to maintain a health care and business environment that is committed to integrity and ethical conduct. Any one who becomes aware of a violation of the law or the compliance policies set forth in the Code of Conduct is responsible to report it to his/her supervisor and the Compliance Officer.

Physicians, billing representatives, and relevant independent contractors must abide by all laws and regulations governing financial and billing transactions. These regulations include rules against mishandling billing and claims, offering or receiving kickbacks, conflicts of interest, making inappropriate patient referrals, destroying the environment, and unfairly influencing market competition. Further information regarding specific laws and regulations can be obtained from the Human Resources Department, the Chief Operations Officer or the President, Dr. Godbey.

### **Billing and Claims**

SEPA is committed to charging, billing and submitting claims for reimbursement only when appropriate laboratory services have been provided and documented in the manner required by laws and regulations. Pathologists, employees, directors, officers, agents and independent contractors either providing professional services or involved in billing for such services should know and carefully follow the applicable rules for submission of bills and claims for reimbursement on behalf of SEPA. If a pathologist, employee, agent, or independent contractor knows or suspects that a bill or claim for reimbursement is incorrect, they are required to report it immediately to the Billing Compliance Officer, Dr. Timothy McIntire, or Chief Operations Officer, Mr. Barham Cook.

## **Documentation of Health Care Services**

It is essential that the delivery of health care services be documented as required by laws and regulations. It is only through good documentation that the nature, quantity, and quality of services and activities can be communicated to third party payers and other health care providers. All pathologists and employees must follow the documentation rules found in the CPT Manual, Medicare guidelines, Medicaid guidelines, and other federal healthcare program or commercial insurance guidelines.

## **Anti-Kickback Policy**

When someone who can influence billing or purchasing decisions at SEPA takes money or anything of non-monetary value from a vendor, physician, hospital, or one in a position to affect business at SEPA, it may be considered a kickback. It may also be considered a kickback if someone refers a patient to another provider or a hospital and receives something of value in exchange. No one working at SEPA or immediate family members of a SEPA pathologist or employee can offer or receive a kickback. If there is a concern about a potential kickback violation, the Billing Compliance Officer, Dr. McIntire, or Chief Operations Officer, Mr. Barham Cook, should be consulted before entering into any transaction to which this rule may apply. If any pathologist, employee, agent, or independent contractor knows of or suspects a kickback arrangement, they should report it to their supervisor and the Chief Operations Officer.

## **Market Competition**

To insure compliance, SEPA prohibits various practices, including setting charges in collusion with competitors, certain exclusive arrangements with vendors, and the sharing of confidential information with competing providers (such as current information or future plans regarding salaries or charges for services provided). SEPA pathologists, employees, directors, agents and relevant contractors must comply with all state and federal antitrust (monopolies) laws and regulations.

## **Purchasing**

All purchasing decisions must be made without any conflicts of interest that could affect the outcome. Any concerns about the legality of a proposed transaction, such as inducements offered by a vendor or supplier, must be discussed with a supervisor or the Chief Operations Officer. Purchasing policies established by SEPA provide additional guidance and should be consulted prior to any purchasing decision.

## **Conflicts of Interest**

SEPA pathologists and employees must avoid potential or perceived conflicts of interest. This includes gifts from patients, referring physicians, hospitals, and gifts or entertainment received from vendors. A violation of a conflict of interest policy may also constitute a violation of the anti-kickback rules. The Pathologists and employees shall be familiar with and adhere to the anti-kickback rules and regulations.

## **Confidentiality**

SEPA employees and pathologists do have access to sensitive, confidential information about patient care and billing records. SEPA prohibits the unauthorized seeking, disclosing, or giving of confidential information, particularly information contained in a patient's medical record related to a patient's care. SEPA pathologists and employees who know of any unauthorized

release of confidential patient information should report the matter immediately to his or her supervisor, the Chief Operations Officer, Mr. Barham Cook, or the President, Dr. Patrick Godbey.

## **Controlled Substances**

SEPA prohibits the unlawful possession, use, manufacture or distribution of illicit and illegal drugs on its property or as part of any SEPA sponsored activity. All healthcare professionals, including those who maintain Drug Enforcement Agency (DEA) registration, must comply with all federal and state laws regulating controlled substances. Any employee who knows or suspects the unlawful or unauthorized possession, use, manufacture or distribution of illicit drugs must immediately notify his or her supervisor and the Chief Operations Officer, Mr. Cook.

## **Discrimination**

SEPA is committed to equal employment and educational opportunity. In conformity with federal and state law, and SEPA policies we are guided by the principle that there shall be no discrimination against individuals because of race, color, creed, religion, national origin, sex, age, disability, veteran status, or sexual orientation. Equal opportunity and access to programs shall be available to all members of the SEPA community.

## **Response to Investigation**

It is the obligation of SEPA to cooperate with government investigators as required by law. If a pathologist or employee receives a subpoena, search warrant or other similar document, before taking any action, the employee will immediately contact their Supervisor AND SEPA Chief Operating Officer, Mr. Barham Cook at 912-222-8751. Mr. Cook will then contact the Billing Compliance Officer, Dr. McIntire, who will then notify legal counsel. The Billing Compliance Officer or its legal representative is responsible for authorizing the release or copying of documents. If a government investigator, agent or auditor comes to SEPA, Mr. Cook and the Billing Compliance Officer, Dr. McIntire, must be contacted immediately before discussing any matters with such investigator, agent, or auditor.

## **Disciplinary Action**

All SEPA employees, officers, directors, employees and pathologists as well as independent contractors and agents of SEPA that deliver care to SEPA's patients or are involved in the preparation or submission of claims to third party payers must carry out their duties for SEPA as stated in these policies. Any violation of applicable law or violation of this code will subject such individual (s) or group (s) to disciplinary action in accordance with the policies and procedures established by the SEPA Human Resources Department. These disciplinary actions also may apply to a supervisor or pathologist who directs or approves such person's improper actions, is aware of those actions but does not act appropriately to correct them, or who otherwise fails to exercise appropriate supervision.

## **Obligation to Report Violations**

If at any time any pathologist or employee of SEPA, as well as SEPA's independent contractors and agents, becomes aware of any real or apparent violation of SEPA's billing compliance policies, he/she must report such a violation to his/her supervisor and to Mr. Barham Cook. Be assured that these reports will be treated as confidential and will be shared with others only on a bona fide need-to-know basis. SEPA will take no adverse action against anyone making these

reports in good faith, whether or not the report ultimately proves to be well founded. If a pathologist, employee or independent contractor or agent does not report conduct violating SEPA's legal compliance policies, the pathologist, employee or independent contractor or agent may be subject to disciplinary actions, in accordance with the policy and/or policies and procedures established by the SEPA Human Resources Department, and may be terminated from employment, and the independent contractors/agent's contracts with SEPA may be immediately terminated.

## **Independent Contractors, Vendors and Agents**

All contractors and vendors who provide services to SEPA must comply with all applicable laws, SEPA policies, and the provisions contained on this code of conduct.

This provision is incorporated by reference into and supersedes any statements to the contrary contained in any agreement between the independent contractor and agent. The independent contractor and agent hereby agree that this Code of Conduct becomes an amendment to the agreement between SEPA and the independent contractor/agent upon independent contractor/agent signing the Code of Conduct receipt and acknowledgement.

Anyone wanting to make a report of a suspected wrongdoing or a potential problem may contact the Chief Operations Officer, Mr. Barham Cook, at (912) 222-8751, the President, Dr. Patrick Godbey, at (912) 222-0214 or the Director of Operations / Billing Compliance Officer, Mr. Ken Fisher 912-614-6433, or send an email to Mr. Barham Cook at [bcook@sepalabs.com](mailto:bcook@sepalabs.com), Dr. Godbey at [pgodbey@sepalabs.com](mailto:pgodbey@sepalabs.com), or Ken Fisher at [kfisher@sepalabs.com](mailto:kfisher@sepalabs.com).

## **DUTIES AND RESPONSIBILITIES OF THE BILLING COMPLIANCE COMMITTEE**

1. Be responsible for the functioning of this Program and ensure communication of the standards and procedures of this Program to each SEPA Representative.
2. Ensure that every SEPA Representative involved in the billing process attends presentations regarding this Program at least annually.
3. Encourage every SEPA Representative to report all possible illegal conduct to the Chief Operations Officer, President, or Billing Compliance Officer.
4. Assure compliance with this Program.
5. Promptly investigate any reports of possible illegal conduct received.
6. Ensure that all audits, investigations, records and proceedings of SEPA are reported or available to the Chief Operations officer and President to present to the Committee.
7. Act on behalf of SEPA and work with the Human Resources Department to give an annual certification of substantial compliance with this Program to the Billing Compliance Officer's best knowledge.
8. Be responsible for the direction of the Billing Compliance Program and, with the assistance of the President, Chief Operations Officer and the Human Resources

Department, ensure adherence of the plan.

## **DUTIES & RESPONSIBILITIES OF THE BILLING COMPLIANCE OFFICER**

The Billing Compliance Officer shall assist in monitoring the billing compliance efforts of SEPA and to assist in implementing the provisions of this Program. The Billing Compliance Officer or the President of SEPA shall verify annually to the Board that the SEPA has:

1. Established compliance standards and procedures that are reasonably capable of reducing the prospect of illegal conduct.
2. Designated specific individuals with a sufficient level of authority to oversee compliance with the billing standards and procedures adopted by SEPA.
3. Not appointed any person who SEPA knows has intentionally engaged in illegal billing activities to a position in which the person will have Discretionary Authority, and SEPA Human Resources Department shall take reasonable steps to verify that applicants for positions requiring the exercise of Discretionary Authority have no history of illegal activity.
4. Communicated effectively the standards and procedures to be followed by SEPA Representatives, and established a mechanism to report possible illegal conduct without retribution.
5. Used monitoring and auditing systems reasonably designed to detect illegal activities; and achieved substantial compliance with the applicable standards and procedures to the best of the Billing Compliance Officer's knowledge.
6. Assisted SEPA's Human Resources Department to consistently enforce appropriate disciplinary mechanisms for responsible individuals who commit illegal acts or who are responsible to and fail to detect illegal conduct.
7. Implemented effective compliance practices to prevent occurrence or reoccurrence of illegal conduct; responded with the SEPA Human Resources Director appropriately to any reports of possible illegal conduct; and modified standards and procedures as necessary to achieve compliance.
8. Substantially complied with its approved audit plan as submitted.

If SEPA fails to substantially comply with the provisions above, the President may require the engagement of an independent external organization with appropriate expertise to conduct an audit of specific activities of SEPA. Any such required audit is to be conducted through legal counsel for SEPA under the protection of attorney-client privilege and will be paid for by SEPA. The required audit and, if so indicated, appropriate corrective action will be promptly taken by SEPA.

## **TRAINING AND EDUCATION**

Training is recognized as a critical part of this compliance program. In addition to the rules and regulations specific to SEPA pathologists and employees, training in general billing compliance issues are deemed to be a key element to be addressed by SEPA's training programs.

The Billing Compliance Committee will be responsible for developing and monitoring ongoing education relating to billing compliance. Initial educational sessions will focus on introducing the CPT Coding and Medicare compliance to all new employees, emphasizing their responsibilities. The Billing Compliance Committee will coordinate with the Director of Human Resources to integrate compliance training into the orientation process for new pathologist and employees including providing a copy of this manual and acquiring the signature of all pathologist and employees on the attestation to compliance form.

Some employees may receive specialized training tailored for their respective responsibilities. Annual Billing Compliance training will be conducted as required for all established and new pathologists. Education may be provided through a variety of means, including orientation, written materials, newsletters, employees meetings, and formal internal and external education. This specialized training may focus on complex areas or on areas for which the Billing Compliance Committee has deemed as high risk.

The Billing Compliance Officer will work with the President and the Director of Human Resources to oversee the establishment and maintenance of a mechanism to monitor continuing education specific to the individual pathologists' or employees' position and responsibilities.

## **PREVENTION OF IMPROPER INDUCEMENTS, KICKBACKS AND SELF-REFERRALS**

All pathologists, employees, agents, vendors and independent contractor's of SEPA must not accept or offer, (for themselves or for SEPA), anything of value in exchange for referrals of business or the referral of patients to SEPA. In general, all business arrangements where pathologists, employees, agents and independent contractors of SEPA refer patients or other business to outside agencies or where SEPA receives patient referrals or other business from third parties should be conducted on the basis of fair market value for services rendered. In all situations where business opportunities result in referrals from or to SEPA, the proposed documents supporting the business arrangements must be reviewed and approved by the Chief Operations Officer of SEPA and/or the President (or his designee) of SEPA (depending upon the entity engaged) and legal counsel for SEPA, if appropriate.

Joint ventures and partnerships with outside/third party entities can create potential compliance problems. The nature of the relationship and the transfer of consideration between partners can create inappropriate incentive or inducement arrangements. Therefore, all joint ventures and partnership proposals must be reviewed and approved by the Chief Operations Officer or the President (or his designee) of SEPA (and legal counsel, if appropriate). In addition, vendor contracts and consulting contracts can create compliance issues. Any proposed vendor contracts and consulting contracts must be reviewed and approved by the Chief Operations Officer or

the President (or is designee) of SEPA (and legal counsel, if necessary).

All pathologists, employees, agents and independent contractors of SEPA may not offer or receive any item or service of value as an inducement for the referral of business or patients to or from SEPA.

SEPA maintains policies that prohibit the waiver of coinsurance or deductible amounts that are due from patients unless bona fide financial hardship is displayed. All pathologists, employees, agents and contractors providing health care services or who are involved in processing or submitting bills for services are required to read, understand and abide by the financial hardship procedures developed by SEPA.

## **REDUCING THE RISK OF IMPROPER CODING AND IMPROPER BILLING; DOCUMENTING MEDICAL NECESSITY AND COVERED BENEFITS**

SEPA is committed to ensuring that claims submitted for payment to all payers, including Federal, State and local government agencies, private insurers and individuals, are accurate, appropriately reflect the actual services that were delivered and are submitted in conformity with all rules, regulations and requirements established by the individual payers. Accordingly, all pathologists, employees, agents and independent contractors who are responsible for providing healthcare services and for documenting, coding, billing and accounting for patient care services must comply with all applicable Federal, State and other third party payer regulations, and all SEPA procedures, relevant activities and programs.

To protect against improper coding and billing, all pathologists, employees, agents and independent contractors providing healthcare services or who are involved in submitting claims for those services must adhere to the following guidelines and procedures:

1. Familiarize themselves with Federal, State, local and other third party payer billing rules and regulations by reviewing the CPT Manual, Medicare Part B News distributions, the Medicare Part B Billing Manual, the Georgia Medicaid Billing Manual and billing provider manuals promulgated by private third party payers, as appropriate to their job description or job duties. A compendium containing access to these documents will be retained at SEPA as a reference tool. Additionally, these individuals are required to read, understand and comply with all billing and collection rules, regulations, policies and procedures promulgated by SEPA, as appropriate to their job description or job duties.
2. Under no circumstances will SEPA tolerate the submission of bills that misrepresent the services that were delivered. All pathologist and employees involved in the coding of services and the submission of bills have a good faith obligation to ensure the accuracy of the claims submitted through all reasonable processes including, but not limited to, review of the supporting documentation, consultation with the treating healthcare provider, consultation with coding specialists employed or contracted by SEPA, consultation with the Billing Compliance Officer and/or the President or Chief Operations Officer and direct contact with the billing support employees of the involved payer.

3. Supporting medical documentation must be completed for all services rendered and maintained for all patient encounters. That documentation must be legible and in conformity with all requirements established by applicable Federal, State and local governmental agencies and other third party payers. All pathologists, employees, agents and independent contractors providing healthcare services or who are involved in billing for those services shall perform their duties in good faith and based on the general principle that services that are not completely, accurately and legibly documented have not been provided and cannot be billed.
4. Billed charges for all services provided will be consistently and uniformly applied to all accounts through consistent use of the approved fee schedules for SEPA. Discounts from billed charges will be applied in accordance with approved contracts with payers, approved financial hardship and other processes established by SEPA.
5. Services that are delivered to patients that are not covered by Federal, State, or local governmental healthcare programs or by private third party payers should not be billed to these third party payers.
6. All charge data, charge adjustment/write off data, and all collection data will be accurately recorded and maintained in the appropriate accounts. Credit balances in patients accounts must be reviewed, researched and processed in a timely manner in accordance with applicable rules and regulations. Any duplicate payments or overpayments resulting in credit balances require prompt processing with prompt refund of any overpayment to the payer or patient.
7. All pathologists, employees, agents and independent contractors providing healthcare services or items to patients shall do so only if those services or items are consistent with generally accepted medical standards for diagnosis or treatment of disease and are determined by the provider to be medically necessary and medically appropriate in the particular case. This requirement also extends to any tests, including screening tests that providers may request. Governmental and private third party payers will only reimburse for services and items that meet the relevant payers' definition of reasonable and necessary. Hence, SEPA should use its best, good faith efforts only to bill for services that it believes meet the relevant payers' standard of being reasonable and necessary for the diagnosis and treatment of a patient. SEPA can bill in order to receive a denial for services, but only if the denial is needed for reimbursement submission from a secondary payer.

8. Under no circumstances will any pathologist, employee, agent or independent contractor providing healthcare services knowingly use his or her provider number, or another provider's number, in a manner that results in improper billing. This prohibition includes, but is not limited to, using another provider's identification number to bill for services rendered by the provider during the period before the provider has been issued his or her own billing provider number. Additionally, these individuals will use all means reasonably necessary to protect against the misuse of their provider identification numbers.
9. Providers and others involved in the submission of bills for payment by third party payers shall not knowingly unbundled services by billing for multiple components of a service that must be billed as a single fee.
10. Providers and others involved in the submission of bills for payment by a third party payer shall not knowingly select a CPT code for a service rendered that is higher than the level of service that is supported by the documentation for the service (up-coding) and shall not select one or two mid-level codes exclusively for all of a similar type services provided under the philosophy that some would be higher, some lower, and the charges would average out over time (clustering).
11. Appropriate coding modifiers, designed to accurately reflect the services rendered by providers, will be correctly applied to all bills submitted for reimbursement to all third party payers. Independent contractor billing agencies and all internal billing employees shall contact the relevant providers to determine whether appropriate modifiers were used or whether a modifier should be added in all circumstances where the addition of modifiers or the correct use of a modifier by a provider is questioned. Additional guidance on the correct use of modifiers is provided in the CPT Manual.

## **CREATION AND RETENTION OF COMPLIANCE AND MEDICAL RECORDS DELIVERED, OWNED OR OPERATED BY SEPA**

All patient records reflecting healthcare services delivered by pathologists, employees, agents and independent contractors of SEPA are the property of SEPA. Additionally, compliance records and institutional records are the property of SEPA. All individuals responsible for the preparation and retention of patient, compliance and institutional records shall ensure that those records are accurately prepared and maintained in accordance with applicable laws and policies and procedures established by SEPA.

Specifically:

1. Pathologists, employees, agents and independent contractors will not knowingly create records that contain any misleading, false, deceptive or fraudulent information.
2. No pathologist, employee, agent or independent contractor is authorized to delete any information from a record. Additionally, no party listed above is authorized to destroy any record or any portion of any record unless that destruction is in accordance with

policies established by SEPA and such destruction is not in violation of any law or regulation promulgated by any entity having authority over SEPA.

3. No pathologist, employee, agent or independent contractor is authorized to sign a record on behalf of another person or affix the initials of another person to any records. Electronic signatures can be utilized in accordance with policies established by SEPA. Electronic signatures must be protected at all times and access must be limited to authorized users.
4. All records that are the property of SEPA must be maintained in accordance with accepted standards and principles established within the pathology and laboratory profession and in accordance with applicable policies and procedures adopted by SEPA. These policies and procedures must be consistent with Federal and State requirements regarding the appropriate time period for maintenance and location of records.
5. All medical records in the possession of SEPA must be secured against loss, destruction, unauthorized access, unauthorized reproduction, corruption or damage in accordance with applicable Federal and State laws and the policies and procedures of SEPA.
6. All billing, compliance records, including but not limited to evidence of educational activities, documents outlining internal investigations and internal audit activities and results, must be maintained by SEPA for a minimum of 7 years.

## **REPORTING AND INVESTIGATION OF POTENTIAL VIOLATIONS OF THE COMPLIANCE PROGRAM**

SEPA is committed to investigating all potential violations of Federal healthcare program standards and requirements, violations of state and local healthcare program requirements, and violations SEPA billing policies and procedures. Adherence with these standards and requirements is of paramount importance, as the consequences both to SEPA and the individual pathologist, employee, agent or independent contractor can include but is not limited to, fines, penalties, treble damage, assessments, debarment or exclusion from participation in Federal healthcare programs and criminal prosecution. Therefore, pathologists, employees, agents and independent contractors must remain steadfast in reporting potential violations to SEPA, and the Compliance Officers and the Compliance Committee must diligently pursue and investigate all potential violations and act to implement corrective actions.

### **A. Reporting Violations**

Any SEPA representative may report instances of possible illegal billing conduct directly to the Chief Operations Officer, Mr. Barham Cook, at (912) 222-8751, the President, Dr. Patrick Godbey, at (912) 222-0214 or the Director of Operations / Billing Compliance Officer, Mr. Ken Fisher, at (912) 614-6433, or send an email to Mr. Barham Cook at [bcook@sepalabs.com](mailto:bcook@sepalabs.com), Dr. Godbey at [pgodbey@sepalabs.com](mailto:pgodbey@sepalabs.com), or Mr. Fisher at [kfisher@sepalabs.com](mailto:kfisher@sepalabs.com). SEPA shall establish a mechanism to receive reports of possible illegal conduct from any SEPA representative or other persons, as well as provide an access point for persons to receive information or ask questions concerning the Billing Compliance Program. Such reports may be anonymous; however, informants are encouraged to provide as much information as possible, including their names, in order to facilitate investigation of all allegations. Each SEPA representative involved in the

billing process will be required to sign an annual verification as to his/her knowledge of any possible illegal conduct. Failure to report knowledge of wrongdoing may itself result in disciplinary action. Any manager or supervisor receiving a report of possible illegal conduct must immediately advise the Chief Operations Officer, Mr. Barham Cook.

## **B. No Retaliation**

No adverse action or any form of retaliation shall be taken by SEPA against any person because of that person's good faith report of possible illegal conduct.

## **C. Investigating Reports of Possible Illegal Conduct**

1. Upon receiving a report of possible illegal conduct, the Chief Operations Officer shall promptly initiate an investigation. The Chief Operations Officer may consult with or instruct legal counsel to conduct the investigation. Investigations may also be referred by the Chief Operations Officer to the Billing Compliance Officer and/or the President, and the investigation may be conducted jointly.
2. A complete and accurate record of each investigation, including recommendations for corrective action, shall be maintained by the Compliance Department for a period of six years.
3. Upon the conclusion of an investigation, the Compliance Committee will recommend corrective action to the Board, if appropriate.

## **D. Corrective Action**

The goal of this Program is to detect and promptly correct activity which does not comply with the standards adopted pursuant to this Program. Attempts will be made to discuss and resolve issues in cooperation with the persons involved, when applicable. Illegal conduct shall be dealt with promptly and shall be reported to the applicable authorities. Appropriate corrective action should be consistent with the nature of the conduct and the surrounding circumstances including, but not limited to, the requirement that future billing be handled in a designated way, that additional training and education take place, that restrictions be placed on billing by certain providers, or that repayment be made.

## **E. Limited Disclosure**

The identity of any person who reports any possible illegal conduct to the Chief Operations Officer, Billing Compliance Officer, or President shall be disclosed, to the extent practical, only on a need to know basis or as required by law. Unauthorized disclosure of information may be grounds for appropriate disciplinary action.

## **CORRECTIVE ACTION**

### **Educational**

Correctional educational action is developed and implemented based on audit outcomes, or is the result of an investigation conducted under the direction of the Compliance Committee in response to reported incidents.

Corrective action is intended to provide correct knowledge, increase performance, and to reduce system deficiencies that cause the identified problems. The Compliance Committee determines if educational corrective action is the appropriate action on a case by case basis.

Corrective educational action is developed and implemented after the identified problem has been audited. The appropriate corrective educational action is developed to correct and increase the defined knowledge of the appropriate person regarding documentation, coding, or billing of pathology and laboratory services. The President (or his designee) is responsible for the development, implementation and degree of corrective educational action assigned to each provider.

Developed corrective educational action describes:

- All corrective actions required to resolve knowledge deficits, performance issues and system causes.
- Measurable objectives for each corrective educational action, including degree of expected change in the physician's documentation and coding skills.
- Person(s) responsible for implementing/monitoring/evaluating/reassessing corrective educational action.
- Date corrective educational action is to be implemented.
- Date corrective educational action is to be evaluated for effectiveness in problem resolution.

- Corrective educational action will be forwarded to the Compliance Committee.

## **Billing Restrictions**

The Compliance Committee may recommend that future billing be handled in a certain way to better monitor documentation and billing practices. The method and timeline will be outlined by the Compliance Committee and President and Chief Operations Officer.

The Compliance Committee may recommend that restrictions be placed on the services a physician may provide due to compliance violations. The recommendation will be forwarded to the President and Chief Compliance Officer.

## **Dismissal**

Repeated compliance violations, intentional violations or fraudulent or illegal activity are grounds for dismissal from SEPA. The Compliance Committee may recommend dismissal after consulting with legal counsel, Human Resources, the President, and the Chief Operations Officer.

## **AUDITING PROCESS**

Because payers have a contractual obligation to enrollees, they require reasonable documentation that services are consistent with the insurance coverage provided. Many insurance companies, including Medicare, track billing histories on practitioners. The purpose is to look for either an unusually high number of procedures or an unusually high number of high-level CPT codes for the practitioner's area of expertise. SEPA uses an internal auditing system in addition to a limited external auditing system performed by its contracted billing agency to compare and pick up any aberrancies related to billing and coding of pathologists and employees. This tool allows the Compliance Committee to then focus audit activities on specific CPT codes and personnel.

Once a report of actual or potential aberrancy is made, a focused review will be conducted on the pathologists' or employees' reports for the area cited as a possible aberrancy. Corrective action will be undertaken as warranted.