PYA Healthcare Regulatory Roundup #108: How to Mitigate Risk While Auditing for Revenue Integrity: Sample Design, Interpreting Results, & Navigating Compliance Next Steps

Presented February 4, 2026 by PYA's Martie Ross and Kathy Reep | Part of the Healthcare Regulatory Roundup Webinar Series

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WEBINAR SUMMARY

This episode of PYA's Healthcare Regulatory Roundup explains how healthcare organizations can unintentionally create compliance risk during revenue integrity audits if sampling, documentation, and interpretation are not handled carefully. The presenters outline how probe audits differ from statistically valid random samples and why understanding claims error rates versus financial error rates is critical before expanding an audit. The session emphasizes defensible documentation, proper use of data analytics, and clear corrective action planning to meet Medicare overpayment and 60-day rule obligations.

Key topics include:

- Mitigating risk while auditing for revenue integrity
- Importance of proper sampling and documentation
- Auditing and monitoring cycle
- Clear documentation and consistent stakeholder communication
- Compliance with the 60-day rule for overpayments
- Statistical sampling methods, including probe audits and expanded audits using tools like RATSTATS
- Importance of understanding error rates and financial impacts
- How electronic health record (EHR) systems can impact audits
- Necessity of corrective actions post-audit, including root cause analysis, internal controls, and staff training, to ensure sustainable compliance and prevent future coding and billing errors

WEBINAR HIGHLIGHTS AND FREQUENTLY ASKED QUESTIONS

What is the purpose of a probe audit in revenue integrity reviews?

- A probe audit is a targeted, non-statistical review used to determine whether a potential issue is isolated or systemic before expanding to a statistically valid audit.

When should an organization move from a probe audit to a statistically valid random sample?

- An expanded audit is generally considered when a probe audit identifies a high and consistent error rate that suggests a systemic issue.

What is the difference between a claims error rate and a financial error rate?

- A claims error rate measures how often errors occur, while a financial error rate measures the dollar impact of those errors.

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Why is documentation critical during revenue integrity audits?

- Clear documentation supports defensibility, allows audits to be replicated, and helps demonstrate good faith compliance if reviewed externally.

How does the Medicare 60-day rule apply to audit findings?

- Once an overpayment is identified, organizations must investigate, quantify, and return the overpayment within required timeframes.

What corrective actions should follow an adverse audit finding?

- Corrective actions typically include root cause analysis, process changes, staff education, and follow-up monitoring to prevent recurrence.

ACTION ITEMS

- Create and distribute a standardized data-request template and checklist that includes required parameters (payer, payment/posting date vs. service date, columns definitions, and items to remove) to use when pulling audit universes
- Develop guidance and a short playbook on probe-audit thresholds and next steps (probe size guidance 30–50 units, error-rate thresholds for escalating to a statistical valid review, and when to refund probe overpayments within 60 days)
- Refund any overpayments identified during a probe audit within 60 days of identification in accordance with the 60-day rule
- Document and publish an audit methodology template that captures audit scope, selection criteria, data cleaning waterfall (items removed and why), sampling unit definition, and how to replicate the pull (report name, parameters, seed) for statistical reviews
- Assemble recommended statistical-sampling requirements and vendor/statistician criteria (including RAT-STATS use, documentation needed to replicate sampling, attribute vs. variable sampling decision guidance, and stratification cautions) for the compliance team
- Include a root cause analysis and corrective action plan (with implementation timeline, follow-up audit schedule) in the final audit report.

WEBINAR OUTLINE

Introduction and Overview of New Changes and Impacts for Healthcare in 2026

- PYA Moderator introduces the webinar and the topic: Happy New Year, New Proposed Rules, New Payment Models, New Guidance.
- Valerie Rock thanks the audience and introduces Kimberly Campell.
- Valerie outlines the agenda, focusing on the auditing and monitoring cycle; statistical sampling; the 60-day rule; the importance of mitigating risk during audits; and the need for clear documentation, rationale, and stakeholder communication

Auditing and Monitoring Cycle

- Valerie discusses the auditing and monitoring cycle, including data analytics, root cause analysis, and corrective action.
- She highlights the importance of defining the scope of the audit, documenting the audit description, and identifying the impact on departments.

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- Valerie stresses the need for clear documentation to preserve notes and materials for future reference and potential external reviews.
- She emphasizes the importance of stakeholder communication and ensuring access to different locations and resources.

Data Analytics and Internal vs. External Data

- Kimberly Campbell introduces the topic of data analytics, explaining the difference between internal and external data.
- Kimberly discusses the importance of aligning internal data with regulatory trends and ensuring defensibility of any discrepancies.
- Valerie and Kimberly discuss the impact of outliers in external data and the need to reconcile them with internal data.
- Kimberly provides tips for requesting and analyzing data, including verifying file types, removing unnecessary data, and ensuring data quality.

Probe Audits and Statistical Sampling

- Kimberly explains the concept of probe audits, which are preliminary reviews to identify potential risks or problem areas.
- She discusses the importance of focusing on specific services, providers, codes, and timeframes to avoid scope creep.
- Valerie and Kimberly emphasize the need for a high and consistent error rate before expanding to a full formal audit.
- Kimberly provides tips for documenting the methodology and intentional decisions taken during the audit process.

Record Review and Error Rates

- Kimberly discusses the importance of sticking to the scope during documentation audits and capturing both claims and financial error rates.
- She explains the impact of EHR use on audits, both logistically and operationally, and the need for a plan to obtain records from different systems.
- Valerie and Kimberly discuss the importance of understanding the root cause of errors, whether systemic or individual behavior.
- Kimberly provides a list of items to confirm during audits and the importance of consistent language in documenting errors.

Statistical Sampling and Extrapolation

- Valerie introduces the topic of statistical sampling, explaining the need for a high and sustained error rate before moving to an expanded audit.
- She discusses the importance of having the right policies and procedures in place to address high error rates and the role of internal and external statistical experts.
- Valerie explains the steps involved in conducting a statistical assessment, including defining the universe, sampling frame, and sampling unit.
- She emphasizes the need for clear documentation to explain the methodology and ensure replicability of the review.

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Probability Sampling and Confidence Intervals

- Valerie discusses the requirements for probability sampling, including the need for independent observations and normally distributed data.
- She explains the concept of stratification and the importance of having a known overpayment to define the universe.
- Valerie provides tips for addressing non-probability samples and the importance of explaining the methodology in the final report.
- She discusses the role of rat stats in determining sample sizes and the importance of understanding the confidence interval and precision level, and explains the process of extrapolation using rat stats and the importance of having a known overpayment.
- She discusses the need for a probability sample and the steps to ensure the sample is representative of the larger population.
- Valerie Rock outlines the corrective actions to be taken after identifying overpayments, including refunding claims within 60 days.
- She emphasizes the importance of documenting the process and ensuring all stakeholders are informed.

Corrective Action and Final Reporting

- Valerie explains the steps involved in corrective action, including root cause analysis, stopping payments, and implementing internal controls.
- Specifically, she highlights the need for root cause analysis and revising processes to prevent future errors and advises stopping payments during the review to prevent ongoing issues.
- She emphasizes the importance of providing appropriate staff training and conducting follow-up audits to ensure the effectiveness of corrective actions.
- Valerie discusses the importance of finalizing the audit report and communicating the results to stakeholders.
- She highlights the potential impact of audits on other areas, such as physician compensation and cost reports, and the need for a comprehensive approach to addressing errors.

Conclusion and Next Steps

- Valerie and Kimberly conclude the webinar, summarizing the key points and emphasizing the importance of mitigating risk and ensuring compliance.
- PYA Moderator provides contact information for further questions and mentions that slides and recordings of the webinar are available at pyapc.com.

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