



# Understanding Provider Healthcare Industry

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## Understanding the Provider Healthcare Industry: More than just Hospitals

The healthcare provider industry is one of the most complex and essential sectors in US economy. It is not just about hospitals and doctors. It is a vast ecosystem made up of professionals and organizations dedicated to delivering care, healing, and support across every stage of life.



From large hospital systems and behavioral health clinics to senior living communities and dental care providers, this industry touches every corner of the society. Whether these providers are for-profit, nonprofit, or government-run, they all share a common mission: to improve health outcomes, ensure patient dignity, and support community well-being.




What makes it even more dynamic? The accelerating pace of change through value-based care, digital transformation, workforce shifts, and patient empowerment.

As we continue navigating this ever-evolving landscape, understanding its breadth and the challenges it faces is more important than ever.

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## Sub-sectors of Healthcare Providers and its Challenges

Care - Level	Sub - Sector	Key Services	Challenges
 Primary Care	<b>Dental Care</b>	Preventive, restorative, oral surgery	Cost pressures, insurance shifts, tech, workforce shortages
	<b>Behavioral health</b>	Therapy, medication, crisis care	Telehealth growth, funding gaps, demand surge post-COVID
	<b>Senior Services</b>	Home care, daily support, chronic manegment	Aging population, staffing issues, capital needs
 Seconadary Care	<b>Specialty Care</b>	Surgeries, diagnostics, ongoing consults	Demographic shifts, VBC push, innovation, experience demands
 Teritary Care	<b>Hospitals and Systems</b>	Emergency room, inpatient, rehab, specialist clinics	Cyber threats, staffing, compliance load, value-based payment upside/downside



### Notes

- Primary care focuses on first contact and preventive care (e.g., dental, behavioral health, senior care).
- Secondary care typically involves specialists and outpatient procedures referred from primary care.
- Tertiary care involves advanced medical investigation and treatment, such as intensive care, inpatient hospital stays, and surgeries in hospitals.



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## Why a Strong Healthcare Audit Matters

In an industry shaped by rapid change, tight margins, and increasing regulatory scrutiny, a surface-level audit just doesn't cut it anymore.

Whether a hospital system navigating value-based reimbursement, a senior care facility adapting to demographic shifts, or a behavioral health provider expanding digital access - **a comprehensive audit isn't just a financial exercise, it is a strategic necessity.**

Here's why:



### Uncover Operational Blind Spots

Audits today go beyond balance sheets—they reveal inefficiencies in revenue cycle management, workforce utilization, and digital infrastructure.



### Strengthening Compliance in a High-Stakes Environment

With intensified oversight from CMS\*, HIPAA\*\* enforcers, and state regulators, gaps in documentation or governance can quickly translate into penalties or reputational risk.



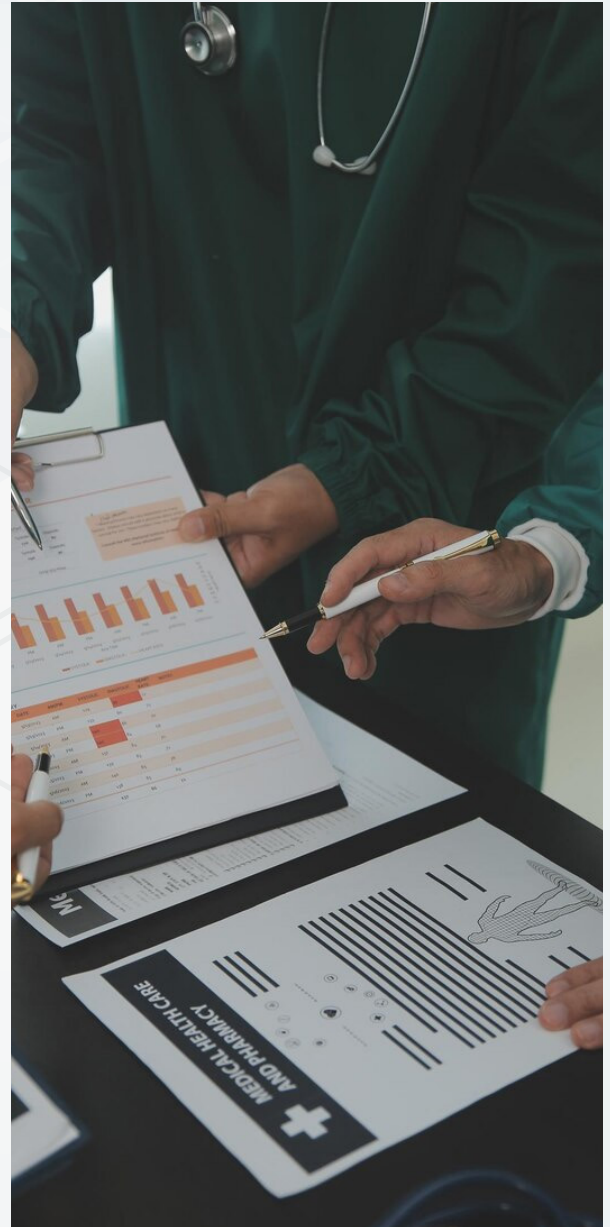
### Build Financial Resilience Amid Disruption

From rising cyber threats to changing payment models, a robust audit helps leaders future-proof their financial strategy and identify alternative revenue opportunities.



### Driving Confidence Among Stakeholders

Whether it is a board, donor, payer, or patient—transparency and accountability inspire trust.



\*CMS - Centers for Medicare & Medicaid Services

\*\*HIPAA - Health Insurance Portability and Accountability Act



# Key Considerations for Healthcare Provider Audits

A healthcare audit is not about financial accuracy, it is a vital tool to ensure operational strength, compliance, and strategic readiness.

## Regulatory Compliance



- HIPAA, CMS, Medicaid/Medicare billing requirements
- ACA\* mandates and state-specific rules
- Documentation, licensure, and quality-of-care standards

## Revenue Cycle & Reimbursement



- Accuracy of billing, coding, and charge capture
- Denial rates and payer contract alignment
- Audit trails for bundled payments and value-based care models

## Grants & Federal Program Oversight



- Proper use and tracking of federal and state program funds (e.g., Medicaid, COVID relief)
- Uniform Guidance/Single Audit readiness

## Cybersecurity & Data Integrity



- Access controls, EHR\*\* security, data backup policies
- Incident response preparedness

## Internal Controls & Governance



- Segregation of duties, procurement policies, board oversight
- Risk-based audit approach with continuous monitoring

## Workforce & Payroll Audits



- Compliance with labor laws, credentialing, timesheet accuracy
- Temporary staffing and premium labor trends



# Best Practice in Healthcare

Best Practice	Description
<b>Sector Specialization with Strategic Depth</b>	Strategies tailored to the unique characteristics of hospitals, behavioral health, senior services, dental, and specialty care providers adapted to various ownership models including for-profit, nonprofit, and public systems.
<b>Actionable Solutions</b>	Integrated approaches that align financial, operational, and regulatory priorities with the organization's long-term mission, compliance needs, and sustainability objectives.
<b>Execution-Driven Mindset</b>	Support extends beyond planning to direct implementation, ensuring that change initiatives are executed effectively, and long-term impact is realized.
<b>Holistic, Cross-Sector Insight</b>	Advisory perspectives draw from payer, provider, and policy domains, enabling informed decisions in a value-based care landscape and across care continuums.
<b>Client Enablement &amp; Knowledge Sharing</b>	Engagements include knowledge transfer through tools, training, and best-practice frameworks—building lasting internal capabilities across client teams.
<b>Operational Excellence Frameworks</b>	Scalable models applied to drive performance and compliance, including: <ul style="list-style-type: none"><li>• Risk-based frameworks (ACA, HIPAA, CMS, state-specific)</li><li>• Revenue cycle optimization (coding accuracy, denial reduction, contract alignment)</li><li>• Technology integration (clinical, admin, and analytics systems)</li></ul>



# Regulatory Update: Staying Ahead of Change

Best Practice	Impact on Healthcare Providers	Response
<b>Medicaid Work Requirements</b>  Passed in May 2025, Effective Late 2026  80-hour/month work or community service condition for adult Medicaid eligibility	<ul style="list-style-type: none"> <li>• Potential loss of coverage for non-compliant adult patients</li> <li>• Reduced Medicaid patient volume and reimbursement</li> <li>• Administrative burden for tracking work/community hours</li> <li>• Increased disparities in care access</li> </ul>	<ul style="list-style-type: none"> <li>• Model financial impact using patient eligibility data</li> <li>• Assist in designing patient outreach and tracking processes</li> <li>• Advise on compliance documentation for CMS reporting</li> <li>• Plan scenarios for operational/resource shifts</li> </ul>
<b>Prescription Drug Pricing Reform (MFN Model)</b>  Effective May 20, 2025 HHS* to align US drug prices with international benchmarks	<ul style="list-style-type: none"> <li>• Margin compression on high cost administered drugs</li> <li>• Pressure to revise formularies and treatment plans</li> <li>• Need to renegotiate payer and supplier contracts</li> <li>• Potential increase in biosimilar or lower-cost drug use</li> </ul>	<ul style="list-style-type: none"> <li>• Assess financial exposure across drug categories</li> <li>• Review contract language for risk-sharing clauses</li> <li>• Support formulary redesign and payer strategy</li> <li>• Evaluate impact on patient access and care continuity</li> </ul>
<b>False Claims Act (FCA) Enforcement – AI &amp; Equity</b>  Active Priority – 2025 DOJ** focus on billing fraud, unregulated AI tools, and inequitable outcomes	<ul style="list-style-type: none"> <li>• Increased scrutiny on AI-driven billing and coding tools</li> <li>• Legal risk tied to unvalidated or biased algorithms</li> <li>• FCA*** investigations related to risk scores or coding inflation</li> </ul>	<ul style="list-style-type: none"> <li>• Audit AI tools for compliance, logic, and fairness</li> <li>• Validate billing logic and risk adjustment practices</li> <li>• Train staff on FCA-sensitive workflows</li> <li>• Strengthen internal controls and documentation for audits</li> </ul>

# Pierag Consulting

Pierag Consulting was founded in February 2021 by Abhishek Gupta, Thomas Raffa and Pierian Services as a unique business model to serve clients globally by blending domestic proficiency with global expertise. Since then, we have been serving prominent clients across the US, SEA, India and UK in the field of Audit & Assurance, Accounting Advisory, Business Risk and Technology Risk Advisory Services.

With more than 300+ team members operating out of our offices in Gurugram, Jaipur, Chandigarh and Bengaluru, we are fueled by our purpose of 'Inspiring people to do things that inspires them' and our values of 'Excellence, Equity & Empathy'.

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