

UT Southwestern Medical Center

The University of Texas Southwestern Medical Center Accounts Receivable Billing Edits – University Hospitals

Internal Audit Report 15:05B

July 13, 2015

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Executive Summary

Background

The Centers for Medicare & Medicaid Services (CMS) developed the National Correct Coding Initiative (NCCI), with the purpose of promoting consistent use of coding methodologies and controlling improper coding leading to payment errors. To comply with the coding initiatives, many hospital billing systems have been programmed with billing edits based on CMS and other payor-specific rules. The billing edits automate the necessary billing and coding checks to prevent payor denials which could delay receipt of payment. If a billing edit determines that a claim requires manual intervention, the billing edit will route the claim to the appropriate workqueue in the Epic system for review. Workqueue categories include: charge review, claim edit, follow-up, adjustment review, and account.

The University of Texas Southwestern Medical Center (UT Southwestern) utilizes the Epic Resolute Hospital Billing module to facilitate the billing process within the revenue cycle. The Epic Resolute module specifically aids in reducing accounts receivable (AR) aging and claim error submissions to payors.

Scope and Objectives

The UT Southwestern Office of Internal Audit has completed the Accounts Receivable Billing Edits – University Hospitals audit. This was a risk based audit and part of the fiscal year 2015 Audit Plan.

The audit scope period included billing edit and workqueue activities from February 2014 through April 2015. The review included hospital claims prior to the initial bill; specifically, billing edits within the 189 active charge review and claim edit workqueues. Audit procedures included interviews with stakeholders, review of policies and procedures, sample testing, and data analytics.

The primary objective of the review was to evaluate the effectiveness of processes and controls for managing billing edits and data transmission prior to initial bill to determine whether:

- Patient accounts are routed to the appropriate workqueue.
- Patient accounts in workqueues are processed appropriately and timely.
- Billing edit overrides are appropriate and valid.
- Security access to billing edit overrides is limited to appropriate staff based on job roles.
- Business process improvement initiatives occur as a result of monitoring and trending.
- Third-party vendor interfaces are properly monitored for completeness and timely processing.

We conducted our examination according to guidelines set forth by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

Executive Summary

Conclusion

Overall, processes and controls related to billing edit operations were in place and operating effectively. Specific strengths identified during the audit include:

- Monitoring and trending reports and regular meetings for hospital billing
- Routing of hospital billing edits
- Monitoring of third-party vendors and completeness of interfacing

Included in the table below is a summary of the observations noted, along with the respective disposition of these observations within the UT Southwestern internal audit risk definition and classification process. See Appendix A for Risk Rating Classifications and Definitions.

High (0)	Medium/High (0)	Medium (4)	Low (0)	Total (4)
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There were no significant (high risk) issues identified. The key improvement opportunities risk-ranked as medium are summarized below:

- **Limit and Monitor Override Access:** Billing edit overrides are not always appropriate based on the business need, which could lead to delayed or denied payments from payors due to incorrect billing. Furthermore, override access is not properly restricted and management monitoring of overrides could be improved.
- **Improve Timeliness of Billing Edits:** Hospital billing edits were not processed timely, in accordance with management expectations. There is decentralized management of certain workqueues without documented policies and procedures.
- **Improve Maintenance of Workqueue Inventory Lists:** Workqueue attribute fields are not consistently updated or maintained within Epic.
- **Enhance Epic Programming for Edits:** Certain hospital billing edits may not be programmed in Epic; or not programmed properly, resulting in unnecessary XactiMed edit processing.

Management has begun to address these issues. The focus of corrective actions will be to address these issues from a complete revenue cycle operations approach which will involve improvements in other revenue cycle areas such as Chargemaster, Utilization Review, Denials Management and other areas. Additional details for the key improvement opportunity listed above and other lower risk observations are listed in the Detailed Observations and Action Plans Matrix (Matrix) section of this report.

We would like to thank the departments and individuals included in this audit for the courtesies extended to us and for their cooperation during our review.

Executive Summary

Sincerely,

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Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p>Risk Rating: Medium ●</p> <p>1. Limit and Monitor Override Access</p> <p>Controls pertaining to the billing edit override function need to be improved. A billing edit override will move a bill forward in the process without further review or update action on the billing edit. Use of the billing edit override should be limited and performed only by individuals with proper authority. While less than 1% of line-level billing edits were overridden for hospital billing, analysis and sample testing revealed the following:</p> <ul style="list-style-type: none"> • Billing edit overrides were sometimes performed by individuals who did not have the authority to perform overrides (i.e. not a supervisor or nurse auditor). Override system access in Epic is provided to all users with access to hospital billing workqueues, and not assigned based on an individual's management position or job function. Based on analytic and sample testing, the following percentage of overrides were performed without proper authority: <ul style="list-style-type: none"> ○ 1.5% of hospital claim edits ○ 15% of hospital charge edits • The override comment field was not used for any hospital overrides, which could hinder effective monitoring of overrides by management. • Over 5000 hospital overrides were performed for billing edit RULE 818, identifying unassigned billing cost centers. Charges receive this edit for the following reasons: 	<ol style="list-style-type: none"> 1. Consult with Information Resources to identify options for restricting claim edit override access and charge review override access by individual users, or user roles. 2. Follow up with Information Resources to eliminate the programming issues that are causing the need for unnecessary overrides. 3. Consider implementing processes to notify the Charge Master group prior to the use of new charge codes in order to reduce the volume of claims receiving the RULE 818 billing edit. 4. Consult with Information Resources to determine when the St. Paul login context can be disabled for CUH staff. 5. Consult with Information Resources for developing reports to monitor override usage by user. 6. Develop centralized policies and procedures for the governance, maintenance, timeliness, and overrides of billing edits and workqueues. Ensure that training on policies takes place as appropriate. 	<p><u>Management Action Plan:</u></p> <p>Management agrees with the recommendations. Managed is focused on the improvement of revenue cycle processes and will do a complete revenue cycle approach across all areas. Specific actions to address the report issues include:</p> <ol style="list-style-type: none"> 1. The Associate Vice President Revenue Cycle Operation will assemble a work team comprised of individuals from University Hospital PFS and Information Resources. 2. The assembled members of the work team will implement each of the recommendations specific to Information Resources. 3. Centralized policies and procedures will be drafted. 4. Policies and procedures will be fully implemented and rolled out to representatives of the decentralized departments. <p><u>Action Plan Owner(s):</u></p> <p>Associate Vice President Revenue Cycle Operations</p> <p><u>Target Completion Date(s):</u></p> <ol style="list-style-type: none"> 1. August 1, 2015 2. October 1, 2015 3. October 1, 2015 4. December 1, 2015

Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<ul style="list-style-type: none"> ○ Departments use new charge codes before they have been assigned to their cost center. ○ Departments are still using the login context for St. Paul Hospital, instead of Clements University Hospital (CUH) causing unnecessary edits. <p>Factors contributing to the issues noted above included:</p> <ul style="list-style-type: none"> • Limited management monitoring of overrides. • Lack of consistent training for individuals processing billing edits. 		

Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p>Risk Rating: Medium ●</p> <p>2. Improve Timeliness of Billing Edits</p> <p>Hospital billing edits were not processed timely, in accordance with management expectations. As charges and claims age in workqueues, the chance of payors denying claims for timely filing increases.</p> <p>Management has set a 24 hour expectation to process hospital billing edits. At the time of fieldwork, the status of pending claims were as follows:</p> <ul style="list-style-type: none"> 58% of claim edits workqueue dollars were pending more than 24 hours. 20% of all charge review workqueue dollars were pending more than 24 hours. 54% of the Xactimed (claim scrubbing) workqueue dollars were pending more than 24 hours. <p>While there were certain workqueues which may require additional time for various business reasons, these were not identified.</p> <p>There is decentralized management of certain workqueues. Responsible personnel in the decentralized areas may not be aware of the timeliness standards for billing edits because common policies and procedures have not been developed.</p>	<ol style="list-style-type: none"> Build dashboard monitoring reports for billing managers of the decentralized departments. Develop centralized policies and procedures for the governance, maintenance, timeliness, and overrides of billing edits and workqueues. Engage representatives from the decentralized departments in the monitoring and trending meetings performed by the hospital billing department. 	<p><u>Management Action Plan:</u></p> <ol style="list-style-type: none"> Dashboard monitoring reports will be built for distribution to decentralized department billing managers and directors. Centralized policies and procedures will be drafted. Policies and procedures will be fully implemented and rolled out to representatives of the decentralized departments. As dashboard monitoring reports are made available, department billing managers will be engaged to participate in regular monitoring and trending meetings. <p><u>Action Plan Owner(s):</u></p> <p>Associate Vice President Revenue Cycle Operations</p> <p><u>Target Completion Date(s):</u></p> <ol style="list-style-type: none"> December 1, 2015 October 1, 2015 December 1, 2015 December 1, 2015

Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p>Risk Rating: Medium ●</p> <p>3. Improve Maintenance of Workqueue Inventory Lists</p> <p>Workqueue attribute fields are not consistently updated or maintained within Epic. Fields are available within Epic that, if updated, will assist with identifying accountability and ownership within workqueues, understanding the purpose of the workqueues, and identifying any outdated workqueues.</p> <p>Analysis revealed out of the 189 hospital billing claim edit and charge review workqueues:</p> <ul style="list-style-type: none"> • 17% had blank owning supervisor fields • 2% had blank owning area fields 	<ol style="list-style-type: none"> 1. Update current workqueue attribute fields with complete information. 2. Develop centralized policies and procedures for the governance, maintenance, timeliness, and overrides of billing edits and workqueues. 	<p><u>Management Action Plan:</u></p> <ol style="list-style-type: none"> 1. Workqueue attribute fields are in the process of being updated and will be completed as part of the development of department level dashboard monitoring reports. 2. Centralized policies and procedures will be drafted. 3. Policies and procedures will be fully implemented and rolled out to representatives of the decentralized departments. <p><u>Action Plan Owner(s):</u></p> <p>Associate Vice President Revenue Cycle Operations</p> <p><u>Target Completion Date(s):</u></p> <ol style="list-style-type: none"> 1. September 1, 2015 2. October 1, 2015 3. December 1, 2015

Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p>Risk Rating: Medium ●</p> <p>4. Enhance Epic Programming for Edits</p> <p>Certain hospital billing edits may not be programmed in Epic or not programmed properly. The Xactimed workqueue is utilized to perform a final scrub of all hospital claims prior to their release to the payor. This scrub is necessary to process certain billing edits that cannot be programmed into Epic. Any changes to the bill identified in Xactimed must be manually entered to Epic; therefore any unnecessary edits in Xactimed is inefficient, increases the risk of errors, and increases the billing cycle time for bills going out to the payors.</p> <p>Reporting is available that can show management the volume and types of edits that are being identified by Xactimed. The report was not in use to help better manage the edits. An initial review of a recent report by Information Resources identified 51 different edit types with more than 10 edits in a seven day period.</p> <ul style="list-style-type: none"> • At least 14 of the 51 edit types could be programmed in Epic and thus eliminated from processing in Xactimed. • 34 of the 51 edit types require additional analysis to determine if there are Epic programming issues causing them to be bypassed and not identified until the Xactimed scrub. • The remaining three were appropriate Xactimed edits because the edit type is not programmable in Epic. 	<ol style="list-style-type: none"> 1. Consult with Information Resources to utilize the Xactimed reporting to identify opportunities to reduce the number of edits bypassed in Epic due to programming issues. 	<p><u>Management Action Plan:</u></p> <ol style="list-style-type: none"> 1. Management agrees with and will fully implement the recommendation as part of the assembled work team identified in Observation #1. <p><u>Action Plan Owner(s):</u></p> <p>Associate Vice President Revenue Cycle Operations Director of Decision Support</p> <p><u>Target Completion Date(s):</u></p> <ol style="list-style-type: none"> 1. October 1, 2015

Appendix A – Risk Classifications and Definitions

As you review each observation within the Detailed Observations and Action Plans Matrix of this report, please note that we have included a color-coded depiction as to the perceived degree of risk represented by each of the observations identified during our review. The following chart is intended to provide information with respect to the applicable definitions and terms utilized as part of our risk ranking process:

Risk Definition - The degree of risk that exists based upon the identified deficiency combined with the subsequent priority of action to be undertaken by management.	Degree of Risk and Priority of Action	
	High	The degree of risk is unacceptable and either does or could pose a significant level of exposure to the organization. As such, immediate action is required by management in order to address the noted concern and reduce risks to the organization.
	Medium/High	The degree of risk is substantially undesirable and either does or could pose a moderate to significant level of exposure to the organization. As such, prompt action by management is essential in order to address the noted concern and reduce risks to the organization.
	Medium	The degree of risk is undesirable and either does or could pose a moderate level of exposure to the organization. As such, action is needed by management in order to address the noted concern and reduce risks to a more desirable level.
	Low	The degree of risk appears reasonable; however, opportunities exist to further reduce risks through improvement of existing policies, procedures, and/or operations. As such, action should be taken by management to address the noted concern and reduce risks to the organization.

It is important to note that considerable professional judgment is required in determining the overall ratings presented on the subsequent pages of this report. Accordingly, others could evaluate the results differently and draw different conclusions.

It is also important to note that this report provides management with information about the condition of risks and internal controls at one point in time. Future changes in environmental factors and actions by personnel may significantly and adversely impact these risks and controls in ways that this report did not and cannot anticipate.