

17-102 Division of Nursing Inpatient Charge Capture Review

EXECUTIVE SUMMARY

The Division of Nursing (Nursing) is dedicated to transforming nursing care in the areas of clinical practice, education and research, while providing exemplary health care to our patients and their families. As a result of their commitment, The University of Texas MD Anderson Cancer Center has been designated as a four-time Magnet-recognized institution.

With an estimated staff of 3000, Nursing provides support to areas such as inpatient, outpatient, ambulatory, and research. As of September 1, 2016, dialysis services are also provided by Nursing. Inpatient gross revenues for FY16 were approximately \$469 million for FY16 and \$406 million for FY17 year to date (June 2017). Dialysis revenues for FY17 year to date (through June 2017) are approximately \$2.3 million.

This review was performed to ensure inpatient charges for nursing services are accurately captured and recorded for the period of September 1, 2016 through May 31, 2017. In summary, we found that the daily and monthly inpatient revenue reconciliations were being performed as intended to ensure the accuracy of charge capture, with some minor enhancements needed. We have also identified the following opportunities for improvements related to dialysis charges:

- Reconcile Continuous Renal Replacement Therapy (CRRT) dialysis charges
- Ensure acute dialysis charges are accurate

Further details are outlined in the Detailed Observations section below.

At management's request, Internal Audit worked with Nursing to identify better OneConnect reporting, in an effort to make the daily reconciliation process more efficient and less cumbersome. We will continue to help facilitate and monitor on an as-needed basis.

Management's Summary Response:

Management agrees with the observations and recommendations and has developed action plans to be implemented on or before December 31, 2017.

Appendix A outlines the methodology for this project. The courtesy and cooperation extended by the personnel in the Division of Nursing are sincerely appreciated.



Sherri Magnus, CPA, CIA, CFE, CRMA
Vice President & Chief Audit Officer
October 4, 2017

Please note that this document contains information that may be confidential and/or exempt from public disclosure under the Texas Public Information Act. Before responding to requests for information or providing copies of these documents to external requestors pursuant to a Public Information Act or similar request, please contact the University of Texas MD Anderson Cancer Center Internal Audit Department.

DETAILED OBSERVATIONS

Observation 1:**Reconcile CRRT Dialysis Charges****RANKING: LOW**

Continuous Renal Replacement Therapy (CRRT) dialysis charges are not reconciled as required per institutional policy. According to management, CRRT dialysis charges should be reconciled daily with the assistance of nurse managers. However, we were unable to validate that reconciliations are being performed. In the absence of a daily reconciliation, charges could be inaccurate or missed resulting in potential lost revenue, although no such inaccuracies or missing charges were identified during the audit.

Recommendation:

Management should ensure that CRRT dialysis charges are reconciled daily. The reconciliation should be documented and independently reviewed.

Management's Action Plan:

Responsible Executive: Carol Porter/Kymberly Venker

Owner: Scott Eastman

Due Date: Implemented

We will coordinate with the managers, business services and the clinical nurse managers to ensure that reconciliations are performed daily. Reconciliations will be documented and independently reviewed.

Observation 2:**Ensure Acute Dialysis Charges are Accurate****RANKING: LOW**

The Division of Nursing contracts with Inter-Medical Inc., a third-party dialysis provider, to perform acute dialysis services. These charges are then reviewed, per management, to ensure accuracy prior to payment. During our review, we did not find adequate documentation to support that charges are reviewed or that vendor billings are validated. The Institution's Charge Submission and Reconciliation policy states that charges should be reconciled daily. Additionally, the Internal Control policy indicates that payments to vendors should be verified for accuracy prior to authorization.

Our analysis of 151 dialysis procedures totaling \$56,625 identified the following:

- Dialysis services for four patients totaling \$1,500 were paid to Inter-Medical although the services were not rendered according to OneConnect. The patients were not charged for these services.
- One patient was not billed \$1,329 for dialysis services rendered and paid to Inter-Medical.
- One patient was billed \$1,329 for services not billed or provided by Inter-Medical.

Please note that this document contains information that may be confidential and/or exempt from public disclosure under the Texas Public Information Act. Before responding to requests for information or providing copies of these documents to external requestors pursuant to a Public Information Act or similar request, please contact the University of Texas MD Anderson Cancer Center Internal Audit Department.

Additionally, we analyzed payments to the vendor for the period involving 1489 acute procedures totaling \$558,375. We identified 3 instances where dialysis services totaling \$1,125 were invoiced and paid twice on the same day, although the service appears to have been provided only once. OneConnect records indicate the three patients were only billed once.

When charges are not reviewed and billings are not validated, revenues may be lost, patients may be billed incorrectly, and the vendor may be paid erroneously.

Recommendation:

Management should ensure that acute dialysis charges are reconciled daily. The reconciliation should be documented and independently reviewed. All potential overcharges should be reviewed and timely corrections should be made to the patient accounts, as applicable.

Management's Action Plan:

Responsible Executive: Carol Porter/Kymberly Venker

Owner: Stephanie Rodriguez

Due Date: Implemented

Management will ensure that reconciliations are performed daily. Reconciliations will be documented and independently reviewed. In addition, we will review vendor billings for accuracy prior to payment. Management will also ensure that the exceptions noted during the audit are corrected.

Observation 3:

Enhance Daily Reconciliation Procedures

RANKING: LOW

The Department does not track or monitor extramural leave days for faculty. 75% of faculty tested had exceptions, as demonstrated by the following examples:

The current daily reconciliation is a manual process that requires merging several OneConnect reports to create a combined report that can be used to review charges. Once a combined report is created, the Accommodation Code Decision Matrix is used to ensure the accommodation codes (type of accommodation utilized by the patient upon which the room rate is based) align with the patient's disease and inpatient services. Any discrepancies identified are then resolved.

We tested a sample of daily reconciliations performed during the period, including validation that any discrepancies identified were appropriately resolved. We found no exceptions. However, we did identify the following:

- On two occasions, weekend/holiday service dates were not reconciled. We noted that this occurred while the process was relatively new.
- Formalized procedures have not been documented for the daily reconciliation process.
- Evidence of supervisory review is not documented.

Please note that this document contains information that may be confidential and/or exempt from public disclosure under the Texas Public Information Act. Before responding to requests for information or providing copies of these documents to external requestors pursuant to a Public Information Act or similar request, please contact the University of Texas MD Anderson Cancer Center Internal Audit Department.

When all dates are not included in the reconciliation, errors may occur and go undetected. Additionally, without formalized procedures, responsible employees may not perform the reconciliation consistently as management intended. Finally, supervisory review ensure the accuracy, completeness, and timeliness of the reconciliation process.

Internal Audit has been working with Nursing and the OneConnect team to facilitate better reporting so that the reconciliation process can be improved and made more efficient. At the time of this review, improvements were still being identified and considered.

Recommendation:

Management should partner with the OneConnect team to identify and implement technological solutions, including but not limited to, improved reporting and work queues, in order to streamline the daily reconciliation. Once improvements are implemented, these should be supported by formal procedures as well as independent review.

Management's Action Plan:

Responsible Executive: Carol Porter/Kymberly Venker

Owner: Scott Eastman

Due Date: December 31, 2017

Management will continue our efforts to identify and implement possible OneConnect solutions for the daily inpatient reconciliation process. Formal procedures will be developed for solutions identified.

Appendix A

Objective, Scope and Methodology:

The objective of this review was to ensure inpatient charges for nursing services are accurately captured and recorded for the period of September 1, 2016 through May 31, 2017.

Our methodology included the following procedures:

- Interviewed key personnel and reviewed relevant organizational and division policies and procedures.
- Conducted interviews and reviewed relevant documentation to assess the Department's controls and processes for ensuring inpatient and dialysis charges are accurately captured and recorded.
- Facilitated communications between Division of Nursing and the OneConnect team related to improved reporting and other processes.
- Analyzed charges and related data to identify potential anomalies.

Our internal audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and *Government Auditing Standards*.

Number of Priority Findings to be monitored by UT System: None

A Priority Finding is defined as "an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole."

Please note that this document contains information that may be confidential and/or exempt from public disclosure under the Texas Public Information Act. Before responding to requests for information or providing copies of these documents to external requestors pursuant to a Public Information Act or similar request, please contact the University of Texas MD Anderson Cancer Center Internal Audit Department.