THE UNIVERSITY OF TEXAS
MD Anderson Cancer Center

19-114 Division of Pathology/Laboratory Medicine Revenue Reconciliation

EXECUTIVE SUMMARY

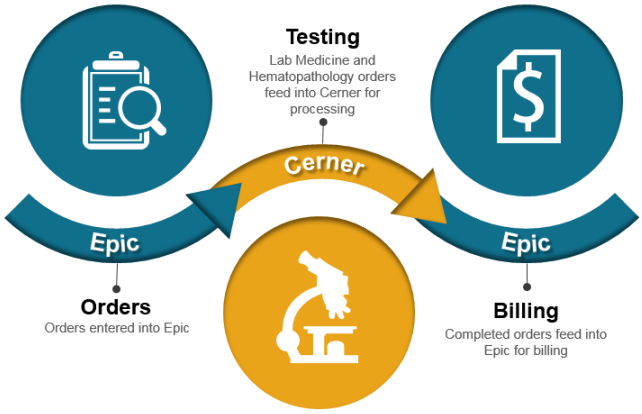
The Division of Pathology and Laboratory Medicine (PLM) provides clinical laboratory data required for patient management to patient care centers. They also engage in research with collaborators across the Institution.

The division consists of four departments: Hematopathology, Pathology, Laboratory Medicine and Translational Molecular Pathology. In fiscal year 2018, PLM generated $1.1 billion in technical gross patient revenue and $175 million in professional gross patient revenue.

Pathology and Laboratory Medicine Technical and Professional Gross Patient Revenue by Department		
Department	***Technical***	***Professional***
Hematopathology	$204 M	$54 M
Pathology	$79 M	$89 M
Laboratory Medicine	$846 M	$30 M
Translational Molecular Pathology	$0	$0

Source: OBIEE Income Statement Analysis

The objective of our audit was to determine if daily and monthly revenue reconciliations were performed to ensure all revenue was captured. Our assessment revealed that monthly reconciliations are performed accurately using a well-documented process. However, our review of the daily reconciliation process indicated that improvements are needed related to the timely resolution of exceptions captured in the *Lab Claim Error Charges* workqueue.



As part of the daily reconciliation review, we examined the interface between Epic and Cerner. Front-end errors from Epic to Cerner are monitored and resolved timely. However, exceptions noted on the Cerner *Suspended Billing Report* are not being resolved in a timely manner. Additionally, the root cause of the majority of exceptions has not been identified and resolved. When exceptions to charges are not resolved in a timely manner, revenues may not be received timely or at all.

Management's Summary Response:
Management agrees with the observations and recommendations and has developed action plans to be implemented on or before December 31, 2019.

Appendix A outlines the methodology for this project.

The courtesy and cooperation extended by the personnel in Pathology/Laboratory Medicine and EHR Clinical Ancillaries is sincerely appreciated.

Sherri Magnus

Sherri Magnus, CPA, CIA, CFE, CRMA
Vice President & Chief Audit Officer
May 28, 2019

DETAILED OBSERVATIONS

Observation 1
Resolve Workqueue Exceptions Timely *RANKING: Medium*

Exceptions in the Epic *Lab Claim Error Charges* workqueue are not being resolved timely. In December 2018, the workqueue contained 85 exceptions, ranging in age from 5 to 703 days, totaling $1.2 million. The majority of these unresolved errors (61 or 71%) are related to molecular panel testing charges, representing less than 1% of the total number of molecular test performed.

When exceptions to charges are not resolved in a timely manner, the related $1.2 million in revenues may not be received, resulting in a loss of funds to the institution. Institutional policy requires that charges be posted in a timely manner.

Division leadership has indicated that additional training and appropriate Epic access is needed to ensure that staff are able to resolve these molecular charge errors.

Recommendation:
The Division of Pathology and Laboratory Medicine should coordinate with Revenue Capture and EHR Access and Revenue to ensure that staff are appropriately trained and have the necessary access to resolve exceptions within the *Lab Claim Error Charges* workqueue timely.

Management's Action Plan:
Responsible Executive: Joyceann Musel Winn
Owner: Ann Reynolds
Due Date: 8/31/2019

Molecular testing is costly and some exceptions require a specific skill set to resolve. With current staffing limitations, the Clinical Billing Specialist is unable to dedicate the time required to learn the technical process and continue the maintenance of other WQ's, without assistance of Lab personnel.

Management will continue to work with Revenue Capture, EHR Clinical Ancillaries and laboratory personnel to gain an understanding of the exception errors, document steps to resolve exceptions and train personnel as needed to ensure the Lab Claim Error Charges workqueue is resolved timely.

Observation 2
Address "Type and Screen" Blood Test Exceptions *RANKING: Low*

The Cerner *Suspended Billing Report ("report")* identifies orders that have been processed by the lab but were not successfully released back to Epic for billing. One type of order consistently causes an exception: the "Type and Screen" blood test.

The EHR Clinical Ancillary team indicated that these exceptions are cleared during a monthly review of the report. However, a report generated on December 21, 2018 consisted of 723 "Type and Screen" blood tests, totaling approximately $58,000, from fiscal years 2018 and 2019. These exceptions make up less than 1% of the total population of Type and Screen tests. The root cause for these exceptions has not been identified so that a corrective action plan can be developed.

When exceptions to charges are not resolved in a timely manner, the related revenues may not be received, resulting in a loss of funds to the institution. Institutional policy requires that charges be posted in a timely manner.

Recommendation:
The EHR Clinical Ancillary group should consult with Pathology and Laboratory Medicine, as well as Cerner, if needed, in order to diagnose the root cause of the "Type and Screen" exception. Additionally, a process should be established to resolve exceptions captured on the Suspended Billing report in a timely manner.

Management's Action Plan:
Responsible Executive: Wes Vanderhoofven
Owner: Veronica Cowley-Keating
Due Date: 12/31/2019

The EHR Clinical Ancillaries team will engage the Division of Pathology and Lab Medicine, as well as, the Cerner Corporation to investigate and determine the root cause of the suspended billing errors. Once identified, we will implement the fix based on those findings.

Appendix A

Objective, Scope and Methodology:
The objective of this engagement was to review and evaluate daily technical and professional charge reconciliations, as well as monthly reconciliations to the General Ledger. This review covered the period of September 2017 to December 2018, and any related periods.

Our procedures included the following:

- Interviewed key personnel within Pathology and Laboratory Medicine, EHR Clinical Ancillary, EHR Access and Revenue and Revenue Capture and Support, to gain an understanding of the monthly and daily reconciliations, as well as the interface between Cerner and OneConnect.
- Reviewed relevant institutional and division policies and procedures.
- Performed walkthroughs of the daily and monthly reconciliation processes.
- Reviewed monthly reconciliation data and supporting documentation.
- Reviewed division workqueues for daily reconciliation.
- Obtained information on workqueue training opportunities and past training.

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."*