



The University of Texas Medical Branch
Audit Services

Audit Report

Revenue Cycle Operations

Engagement Number 2024-017

October 2024

The University of Texas Medical Branch
Audit Services
301 University Boulevard, Suite 4.100
Galveston, Texas 77555-0150

Revenue Cycle Operations Audit

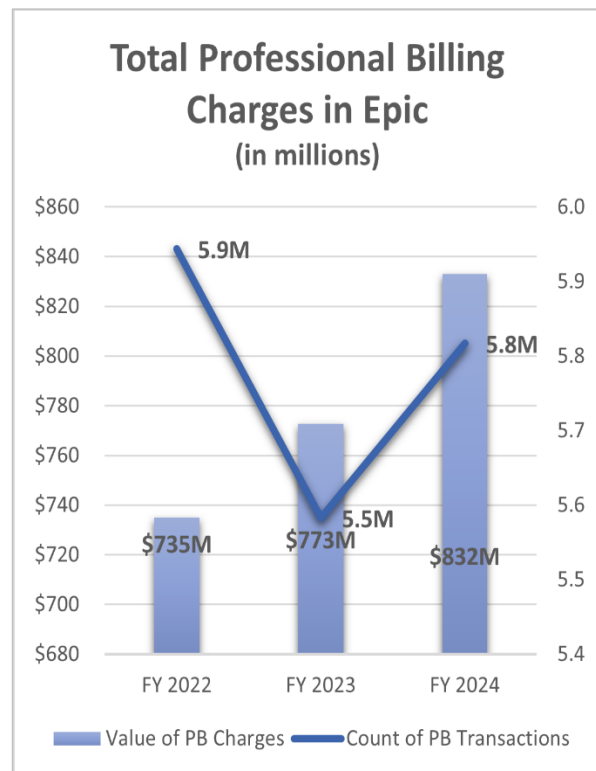
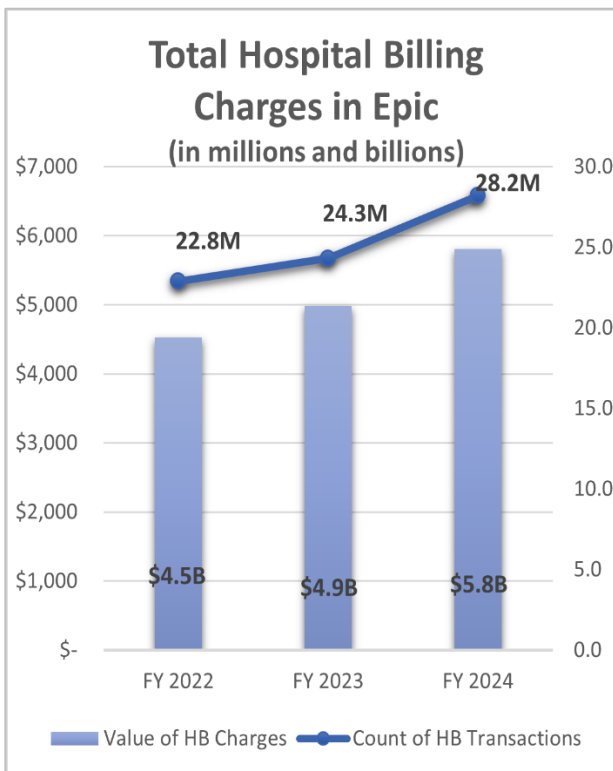
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Background

UTMB Health's patient revenue cycle is managed by Revenue Cycle Operations. Their objective is to secure optimal reimbursement while maintaining excellent customer service through strategically driven initiatives contributing to the organization's financial health and patient satisfaction. All patient revenue is generated in EPIC, UTMB's electronic health record system. All billable services that are provided should be documented and billed. The hospital and professional billing charge capture processes vary, are complex, and sometimes involve multiple systems. Every department should be responsible for ensuring that all charges for services provided are captured in a timely manner. This ensures that UTMB can bill insurance payers in accordance with timely filing deadlines and receive reimbursement for services rendered.

During Fiscal Year (FY) 2023, UTMB Health generated approximately \$4.9 billion inpatient and outpatient hospital billing gross charges (prior to insurance adjustments) and approximately \$733 million in professional billing gross charges. For FY2024, UTMB Health generated approximately \$5.8 billion and \$832 million gross charges, respectively. Hospital billing charges include charges for rooms, surgical suites, equipment, hospital management treatment medications, diagnostic testing, and supplies for treatments or procedures conducted. Professional billing charges cover physician fees for services performed. The charts below show increases in volume and dollar value for hospital and professional billing charges since FY2022.



The hospital and professional billing charge capture processes are complex and involve multiple departments, processes, and information systems. To process these charges more efficiently, UTMB Health utilizes many departments specific programs that allow for charge capture automation, such as Beaker for laboratory services, Radiant for radiology services, Cupid for Cardiac Catheterization Lab services, Optime for Operating Room Management Systems, and Omnicell for supplies. These various programs interface with the Epic patient encounter to timely record charges for the services performed. However, not all departments, nor all patient encounters, are able to utilize automated charge capture software. As part of Audit Services' FY2024 annual audit plan, an audit of Revenue Cycle Operations pertaining to the charge capture process was performed.

Objective, Scope and Methodology

Objective

The primary objective of the audit was to assess the effectiveness of the controls related to charge capture for services provided to patients for the Cardiac Catheterization Laboratory, Radiology, Interventional Radiology, Perioperative Services, Electrocardiography Lab, and the Angleton Danbury and Galveston Campus Emergency Room Departments.

Scope of Work and Methodology

During the audit planning process, Audit Services met with Revenue Cycle Operations leadership to identify areas of concern and current initiatives. Based on their areas of concern and through data analysis, Audit Services focused efforts on the inpatient and outpatient hospital and professional billing charges for a review. Analysis of FY2023 patient revenue and service volume by department led to the selection of the Cardiac Catheterization Laboratory, Radiology, Interventional Radiology, Perioperative Services, Electrocardiography Lab, and the Emergency Room Departments within Angleton Danbury and Galveston Campuses to review their charge capture and reconciliation responsibilities. Our audit methodology included interviewing key departmental personnel, performing observations, and utilizing data analytics to perform reviews of hospital and professional billing charges.

Executive Summary

Revenue Cycle Operations has made significant efforts to strengthen internal controls to better identify and correct missing charges within operating departments, which has been helpful in ensuring timely billing. However, Audit Services identified opportunities to improve departmental processes by establishing a formalized institution-wide reconciliation policy and to formalize a policy to define the maximum amount of time for the departments to post their charges to bill timely. Additionally, Revenue Cycle Operations and departmental areas should develop a process to improve tracking and training departments on managing missing charges, helping to ensure that charges are accurately captured at the time of service.

Detailed Results

Charge Reconciliation Policy

Current policies and procedures provide a minimum level of guidance to personnel for establishing effective internal controls to ensure compliance with applicable laws and regulations and management directives. The current structure assigns responsibility to each department to maintain controls for charge capture and to monitor their work queues, ensuring that charges do not remain in work queues for longer than the maximum number of days defined by the charge reconciliation policy. Interviews with key personnel revealed that for two of the six departments reviewed, the policies and procedures for charge capture and reconciliation have not been formalized or documented. Additionally, three of the six areas did not have a standardized process for charge capture review. UTMB Health currently lacks a formal institution-wide reconciliation policy, which creates gaps in oversight and accountability across departments. A well-defined reconciliation policy is crucial as it would establish minimum requirements and standardization procedures for departments to follow, ensuring that charge capture is regularly reviewed, verified, and documented.

Recommendation 001 Medium – Charge Reconciliation Policy:

The Revenue Cycle Operations department should develop and formalize an institution-wide charge reconciliation policy to assist with departmental monitoring of their respective charges and work queues to ensure that appropriate, complete, and accurate capture of charges to patient accounts occur. Additionally, this policy could outline the minimum requirements for departments to include mandatory monthly reconciliations, clear guidelines on handling discrepancies, and the responsibility of department heads to ensure compliance. This would not only enhance transparency but also mitigate risks of charge capture mismanagement or errors, ultimately supporting the institution's commitment to integrity and accountability.

Management's Response: Revenue Cycle Operations will develop and formalize a Charge Reconciliation policy.

Responsible Party: Vice President, Revenue Cycle Operations

Implementation Date: June 1, 2025

Work Queues

Currently, there are work queues that include high-dollar charges, high-quantity charges, and service dates that are out of range, such as a charge that was posted to a patient's account when the patient did not receive services. These work queues are set up to be worked by department personnel. Every department should assign owners of each work queue and monitor the work queue to ensure it is being worked. Every department should also have backup personnel to

monitor and work the department's work queues. There are currently no written procedures or formal training on managing work queues.

Recommendation 002 Medium – Work Queues:

Revenue Cycle Operations should develop and document formal procedures and provide training for managing the work queues effectively. Additionally, the procedures should define the responsibilities with the individual departments owning their work queues, being accountable for metrics, and monitoring for timeliness.

Management's Response: Revenue Cycle Operations will develop training for work queues and roll out a training program to all departments who own work queues.

Responsible Party: Vice President, Revenue Cycle Operations

Implementation Date: June 1, 2025

Charge Capture Timeliness

Through interviews with Revenue Cycle Operations personnel, they established that all charges should be captured within five days from the date of service. Charges are captured in different ways through different multi-discipline areas (lab, supplies, room charges, radiology), and if not captured timely this could delay meeting the filing deadline. There is an absence of a standard policy outlining the timeliness for posting charges, leading to delays especially when multiple departments are involved due to system input issues. For example, Audit Services observed that Electrocardiograms (EKGs) performed within the emergency room are not consistently linked to a patient encounter in Epic due to missing patient information within the Cardiology Muse System. Therefore, technicians are forced to spend considerable time researching where the charges should be placed, leading to delays in revenue capture.

Recommendation 003 Medium – Charge Capture Timeliness:

The Revenue Cycle Operations department should develop and formalize a policy that establishes the maximum amount of time for departments to post their charges. Additionally, the Revenue Cycle Operations should implement a process to monitor compliance with the policy to ensure timely billing. The Revenue Cycle Operations department should include establishing the maximum amount of time for departments to post their charges and implement a process to monitor compliance with the policy within the institution-wide reconciliation policy.

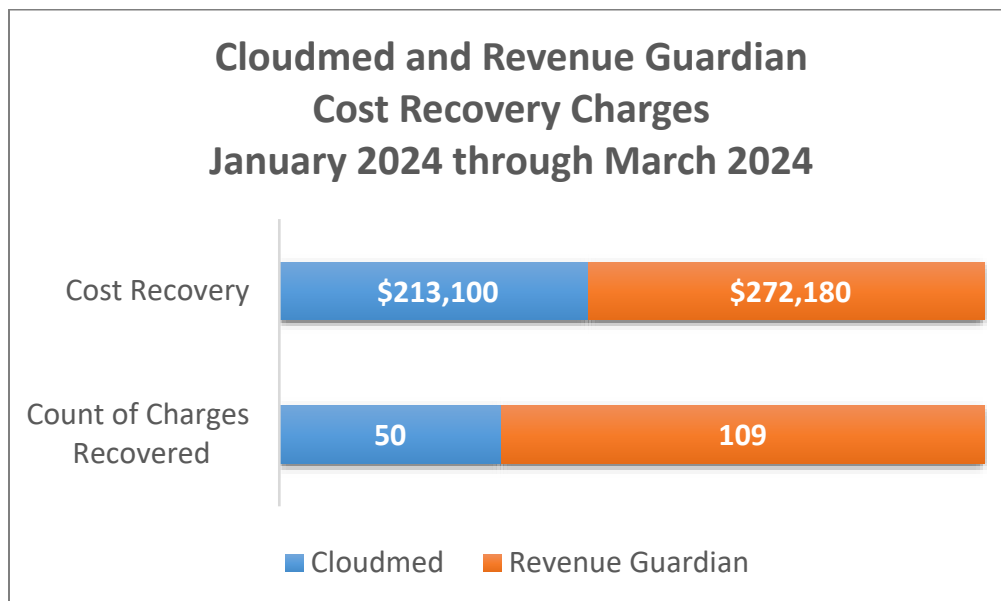
Management's Response: Revenue Cycle Operations will develop and formalize a Charge Reconciliation policy, establishing the maximum amount of time for departments to post their charges and implement a process to monitor compliance with the policy.

Responsible Party: Vice President, Revenue Cycle Operations

Implementation Date: June 1, 2025

Missing Charge Review

UTMB Health has contracted with Cloudmed, a third-party vendor, for the past six years to assist UTMB Health with uncovering missing charges for inpatient and outpatient accounts from both hospital and professional billing. This is achieved utilizing vendor staff and resources, who submit additional charges to payers to secure additional reimbursement to UTMB Health. The vendor has access to UTMB Health's hospital and professional billing information to capture missed charges. UTMB Health pays contingency fees for hospital underpayment recovery pricing if the vendor identifies and UTMB Health collects on the charges missed. The chart below shows that from January 2024 through March 2024, Cloudmed recovered fifty underpayments, for a cost recovery of \$213,100. UTMB Health subsequently paid Cloudmed contingency fees of \$2,470 from January 2024 through March 2024, demonstrating this vendor's services to be cost effective.



Additionally, Revenue Cycle Operations utilizes the Revenue Guardian module in Epic, which provides tools for effective charge reconciliation. Revenue Guardian applies rule-based edits to accounts when they meet specific criteria but lack the corresponding charge on the patient encounter. This tool assists to identify areas of opportunity to increase charge capture by identifying missing charges before they reach Cloudmed. For example, if there is a rule-based edit in Epic for a procedure for a Botox injection, Guardian will check to ensure there is a corresponding Botox charge. If there is not a charge, the procedure will be flagged by the Revenue Cycle Operations Integrity team to work with the respective departments to add the missed charge to the patient encounter. The chart shows that for the time period of January

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2024 through March 2024, UTMB Health recovered 109 charges totaling \$272,180 using Revenue Guardian edits in Epic. These charges would have potentially not been captured or would have been identified by Cloudmed causing UTMB Health to pay the contingency fee to the vendor, therefore decreasing the recovered amount.

Although Revenue Cycle Operations has a process to monitor for missing charges and notify departments, these departments rely heavily on revenue cycle personnel to identify discrepancies. There is currently a lack of consistent processes for tracking missing charges once they are identified by Revenue Cycle Operations or during the department's own charge reconciliation process.

Recommendation 004 Medium – Missing Charges Review:

The Revenue Cycle Operations department should enhance their current process and document a formalized process for utilizing vendor and Revenue Guardian tools to identify missing charges with departments. This process should include providing targeted formalized training to areas with high occurrences, ensuring that initial charges are accurately captured at the time of patient service to prevent future omissions.

Management's Response: Revenue Cycle does currently provide feedback and training to departments when missed charges are identified. Revenue Cycle Operations will continue to provide training to departments on correct charge capture and reconciliation processes and document the formal process.

Responsible Party: Vice President, Revenue Cycle Operations

Implementation Date: February 1, 2025.

Conclusion

We greatly appreciate the assistance provided by Revenue Cycle Operations, Cardiac Catheterization Laboratory, Radiology, Interventional Radiology, Electrocardiography Lab, and Emergency Departments within Angleton Danbury and Galveston Campus staff and hope that the information presented in our report is beneficial.

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This audit was conducted in conformance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Additionally, we conducted the audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions on our audit objectives.

Observation Ratings

Priority	An issue that, if not addressed timely, has a high probability to directly impact achievement of a strategic or important operational objective of the University or the UT System as a whole.
High	An issue considered to have a medium to high probability of adverse effects to a significant office or business process or to the University as a whole.
Medium	An issue considered to have a low to medium probability of adverse effects to an office or business process or to the University as a whole.
Low	An issue considered to have minimal probability of adverse effects to an office or business process or to the University as a whole.

Report Date:

October 31, 2024

Report Distribution:

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