



**Revenue Cycle: Charge Capture Audit -  
Department of Anesthesiology & Pain  
Management**

**Internal Audit Report 20:08**

**October 9, 2020**

# Table of Contents

---

I. Executive Summary	3
• Background/ Scope and Objectives	3
• Conclusion	4
II. Detailed Observations and Action Plans Matrix	6
III. Appendix	8
• Appendix A – Risk Classifications and Definitions	8

## **Executive Summary**

---

### **Background**

The UT Southwestern Medical Center (UT Southwestern) Department of Anesthesiology and Pain Management (Anesthesiology Department) delivers patient care through its perioperative procedures. Specialized care includes personalized patient evaluations prior to surgery and concludes with post surgical observation. The Anesthesiology Department providers care for patients and perform anesthesia procedures at University Hospitals, Ambulatory clinics and The Eugene McDermott Center for Pain Management at UT Southwestern. The Anesthesiologists also provide services and oversight of certified registered nurse anesthetists (CRNA) employed by Parkland to support patient care under support service agreement with Parkland Health and Hospital System (Parkland) and the Children's Medical Center (CMC). Under the support service agreement, provider charge capture for billing to payors and patients for services performed at Parkland is performed by the Anesthesiology Department while charge capture and billing for CRNA's is performed by Parkland. CMC performs charge capture and billing for all services provided by the UT Southwestern providers. In fiscal year 2020, the Anesthesiology Department generated approximately \$45M in revenue including revenue generated under the service agreements for the performance of unique and complex anesthesia procedures.

The Anesthesiology Department has a Revenue Cycle team that functions independently from UT Southwestern's Revenue Cycle Operations and reports to the Department Administrator. The Department's Revenue Cycle team, which consists of two managers, a Revenue Cycle Manager, a Reimbursement Manager, a Reimbursement Supervisor and 18 coding/ billing specialists is responsible for providing continuous support to medical providers, reviewing clinical documentation and performing charge entry into the Epic system via virtual and in-person work sessions with individual providers. The Anesthesiology Department Revenue Cycle team also provides new provider onboarding training on appropriate charge documentation and timely patient visit encounters requirements and conduct denials management and follow up activities.

### **Scope and Objectives**

The Office of Internal Audit has completed its Revenue Cycle Charge Capture – Department of Anesthesiology and Pain Management audit. This was a recurring risk-based audit and part of the fiscal year 2020 (FY2020) Audit Plan. The audit scope included FY2020 Anesthesiology Department charge activities for provider services.

The audit objectives were to assess the effectiveness and efficiency of operational processes and internal controls that ensure achievement of objectives, compliance with key regulations and institutional policies and procedures, safeguarding of assets and accuracy of reporting. Specifically, the objectives assessed the key controls in place for:

- Timely and complete charge entry, charge documentation and charge reconciliation
- Ongoing monitoring and reporting of performance metrics

A review of charge capture under the support service agreements were not included in the scope of this audit.

## Executive Summary

---

Audit procedures included interviews with stakeholders, review of policies and procedures and other documentation, substantive testing and data analytics. We conducted our examination according to guidelines set forth by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

### Key Strengths

The department has adopted the following practices:

- Established a provider incentive program to facilitate timely closing of patient encounters and ensure completeness of medical record documentation within the Epic system.
- Developed and implemented a detailed quality assurance process to confirm accuracy of charges before they are released.
- Implemented a detailed review process for Anesthesiology providers providing care in the Intensive Care Unit (ICU) to ensure accurate and complete charges are entered in a timely manner.

The team also uses multiple Epic reports and operating room schedules in the Epic Anesthesia Charge Analyzer to review charges from the various service areas they oversee.

### Conclusion

Overall, the Anesthesiology Department has controls in place to effectively manage the charge capture and daily charge reconciliations processes. An opportunity exists to improve the charge entry and reconciliation processes for services provided at Parkland. These processes are manually labor intensive and inefficient. A review of the charge capture for anesthesiology services and oversight of CRNA's and billing under the current service agreement at Parkland should be considered.

The following table summarizes the observations, along with the respective disposition of these observations within UT Southwestern internal audit risk definition and classification process. See Appendix A for Risk Rating Classifications and Definitions.

Priority (0)	High (0)	Medium (1)	Low (0)	Total (1)
--------------	----------	------------	---------	-----------

A key improvement opportunity is summarized below.

- 1. **Improve Affiliate Professional Charge Capture Processes** – The charge capture process for professional services performed at Parkland is manual and labor intensive increasing the risk of missing or inaccurate charges and billing delays.

## Executive Summary

---

Management has implemented or is implementing corrective action plans. Management responses are presented in the Detailed Observations and Action Plans Matrix (Matrix) section of this report.

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

Sincerely,

Valla F. Wilson, Vice President and Chief Audit Executive, Office of Internal Audit

**Audit Team:**

Ray Khan, Senior Internal Auditor, Internal Audit

Teresa Labbé, Internal Auditor I, Internal Audit

Melinda Lokey, Director, Internal Audit

Angeliki Marko, Supervisor, Internal Audit

cc: Andrea Armstrong, Department Administrator, Department of Anesthesiology & Pain Management  
Cheryl Baldia, Revenue Cycle Manager, Department of Anesthesiology & Pain Management  
Arnim E. Dontes, Executive Vice President, Business Affairs  
Kathryn Flores, Assistant Vice President and Chief Information Officer, University Hospitals  
Kelly Kloeckler, Associate Vice President, Revenue Cycle Operations  
Tim Leary, Assistant Director, HSIR Technical Services  
Mark Meyer, Chief Financial Officer, University Hospitals  
Vinod Nair, Director, Revenue Cycle and Business Systems  
Dennis Pfeifer, Assistant Vice President and Chief Technology Officer, Health System  
Mark Rauschuber, Associate Vice President and Chief Information Officer, Health System  
Joshua Spencer, Associate Vice President and Chief Technology Officer  
Thomas Spencer, Ph.D., Assistant Vice President, Information Resources Operations and Compliance  
John Warner, M.D., Executive Vice President, Health System Affairs  
Charles Whitten, M.D., Professor and Chairman, Department of Anesthesiology & Pain Management

## Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p><b>Risk Rating: Medium ●</b></p> <p><b>1. Improve Affiliate Professional Charge Capture Activities</b></p> <p>The process for ensuring all Operating Room charges for time based anesthesia services are captured for services performed at non-UT Southwestern locations is manual and labor intensive. It requires the Anesthesiology Revenue Cycle team to download surgery schedules and anesthesiology activities from the Parkland Epic system and then manually enter the charges into the UT Southwestern Epic system before performing the charge completeness review. In FY2019, there were approximately 6800 charges annually in this category and, prior to the pandemic, volume was expected to increase by 9%. These manual processes increase the risk of errors and billing delays.</p> <p>In FY2020, the Anesthesiology Department professional charge entry lag time (i.e., number of days from the date the service was incurred to the date the charge was entered) increased from 11 days to 23 days. The goal is 7 days for UT Southwestern charges. The UT Southwestern charge entry lag was below the 7 day goal.</p>	<ol style="list-style-type: none"> <li>1. Coordinate with the Information Resources team to determine if an automated method of exporting detailed information from the Parkland Epic system and importing into the UT Southwestern Epic system can be developed to facilitate timely and efficient charge capture.</li> <li>2. Once the new processes are implemented, update monitoring controls to confirm completeness of information received from the Parkland system export.</li> <li>3. Coordinate with Parkland to identify other available revenue monitoring tools to ensure charge accuracy.</li> </ol>	<p><b><u>Management Action Plans:</u></b></p> <ol style="list-style-type: none"> <li>1. We will coordinate with the Epic IR team to review the process and identify key fields that would be needed in the extract of information from the Parkland Epic system.               <ol style="list-style-type: none"> <li>a. Based on the initial evaluation, we will design a plan to assist in automating the process and will include coordination with Parkland IT resources as needed.</li> <li>b. We will evaluate solutions in the event we can't use Epic resources and need to use other systems/resources to get the data to the Epic system.</li> <li>c. Monitor status of the plan, including testing and validation of the proposed solution.</li> </ol> </li> <li>2. Once the automated charge entry data reporting has been finalized, we will update procedures to monitor and confirm completeness of charges.</li> <li>3. Additional revenue monitoring tools will be evaluated with Parkland to improve charge capture accuracy and completeness.</li> </ol>

## Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p>The time consuming efforts to complete the manual Parkland charge entry decreases the time available to complete charge entry and reconciliation activities for University Hospitals and clinic charges. Excessive charge entry delays also impact the efficiency of the billing process, increase payment delays and could lead to an increased risk of denials if incorrect or incomplete information is inputted into the Epic system.</p>		<p><b><u>Action Plan Owners:</u></b>            Department Administrator, Department of Anesthesiology and Pain Management             Assistant Vice President and Chief Information Officer, University Hospitals             Director, Revenue Cycle and Business Systems</p> <p><b><u>Target Completion Dates:</u></b></p> <ol style="list-style-type: none"> <li>1. Recommended solution - November 30, 2020               <ol style="list-style-type: none"> <li>a. Develop plan - January 31, 2021</li> <li>b. February 28, 2021 and ongoing</li> </ol> </li> <li>2. March 31, 2021, dependent on key milestones in the plan</li> <li>3. February 28, 2021</li> </ol>

## 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 audit. The following chart is intended to provide information with respect to the applicable definitions and terms utilized as part of our risk ranking process:

<b>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.</b>	<b>Degree of Risk and Priority of Action</b>	
	<b>Priority</b>	An issue identified by Internal Audit that, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.
	<b>High</b>	A finding identified by Internal Audit that is considered to have a high probability of adverse effects to the UT institution either as a whole or to a significant college/school/unit level. As such, immediate action is required by management in order to address the noted concern and reduce risks to the organization.
	<b>Medium</b>	A finding identified by Internal Audit that is considered to have a medium probability of adverse effects to the UT institution either as a whole or to a college/school/unit level. As such, action is needed by management in order to address the noted concern and reduce the risk to a more desirable level.
	<b>Low</b>	A finding identified by Internal Audit that is considered to have minimal probability of adverse effects to the UT institution either as a whole or to a college/school/unit level. 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.