

# **UT Southwestern** Medical Center

## **Revenue Cycle – Pre-Claim Billing Audit**

**Internal Audit Report 22:13**

**June 28, 2022**

# Table of Contents

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I. Executive Summary	3
• Background	3
• Scope and Objectives	3
• Conclusion	4
II. Detailed Observation and Action Plans Matrix	6
III. Appendix	13
• Appendix A – Risk Classifications and Definitions	13

## **Executive Summary**

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### **Background**

UT Southwestern's Revenue Cycle Department manages the billing and collection of patient revenue for services provided by UT Southwestern providers. The Centralized Billing Team, within the Revenue Cycle Department, has established processes and controls to submit claims timely and accurately to insurance providers (i.e., payers) to decrease the need for re-bill or appeal if a denial is received from payer(s). The revenue cycle process begins when a patient registers to receive healthcare services at UT Southwestern and is completed once those healthcare services are reimbursed in full by the patient and/or payers. UT Southwestern's Centralized Billing Department has submitted 586K Hospital Billing (HB) claims for \$6.7B gross charges and 3.9M Professional Billing (PB) claims for \$1.5B gross charges between May 2021 to April 2022.

The Centralized Billing Team utilizes Epic (UT Southwestern's Electronic Health Record and billing system) pre-claim work queues to review and reconcile claims prior to submission to payers. The pre-claim edit workflows consist of account, charge review, and claim edit work queues. UT Southwestern uses Epic HB rules, Epic PB internal custom rules, and Optum Claims Manager to identify potential coding and/or billing exceptions and assigns an error, where needed. The assigned error will withhold the claim from billing to ensure that the coding and billing requirements are complete and accurate prior to claim submission.

### **Scope and Objectives**

The objective of this audit was to review the revenue cycle hospital (HB) and professional (PB) pre-claim submission processes and controls to assess the overall success for ensuring timely and accurate billing. Internal audit reviewed billing policies, procedures, processes, and tools within the centralized billing function to understand UT Southwestern's current state protocols and alignment with industry leading practices. Internal audit conducted interviews and walkthroughs to ensure adequate and effective controls are in place to review and reconcile errors in a timely and complete manner. Analysis of Epic HB Candidate for Billing (CFB) dashboards, HB and PB work queues, and monitoring reports quantified high dollar, aged, at-risk populations of unresolved and unbilled claims. Additionally, a targeted sample of 60 patient accounts (30 HB and 30 PB) with outstanding and aged pre-claim errors were selected and tested within Epic to assess the overall effectiveness of reconciliation procedures and protocols.

## Executive Summary

### Conclusion

Overall, adequate billing reporting controls are in place and key metrics are in line with management's expectations; however, opportunities exist to improve the monitoring and configuration of pre-claim work queues. Actions taken to address opportunities include training and education. Also, the submission of tickets to Information Resources for Epic optimization opportunities. Finally, ensure all billing functions are audited by the Quality Assurance team. The Centralized Billing Team has strong subject matter experts and a culture of commitment to revenue cycle.

Included in the table below is a summary of the observations 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.

Priority (0)	High (0)	Medium (2)	Low (1)	Total (3)
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Key observations are listed below.

- **#1. Review and Reconcile Epic Pre-Claim Work Queues Timely** – Account, charge review, and claim edit work queues that contain unbilled encounters are not consistently reviewed and reconciled timely and accurately by the centralized billing teams due to lack of monitoring, leading to the potential risk of untimely billing and/or denials.
- **#2. Ensure All Accounts Route to the Appropriate Epic Pre-Claim Work Queue for Review and Reconciliation** – All pre-claim errors do not consistently qualify for the appropriate operational work queue based on the pre-claim billing error description, leading to potential risk of untimely review and claim submission and a timely filing write-off.
- **#3. Assign Epic Pre-Claim Work Queue Performance Status Consistently and Appropriately** – Billing supervisors do not consistently assign the correct performance status for the work queues that they oversee within Epic. This results in leadership not consistently identifying work queues that need to be prioritized by staff and establishing associated action plans.

## Executive Summary

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

Sincerely,

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

### **Audit Team:**

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Wathen Strong, Director, Medical Revenue Cycle  
Brent Townsend, Director, Medical Revenue Cycle  
John Warner, M.D., Executive Vice President, Health System Affairs

## Detailed Observation and Action Plans Matrix

Observation	Recommendation	Management Response
<p><b>Risk Rating: Medium</b> ●</p> <p><b>1. <u>Review and Reconcile Epic Pre-Claim Work Queues Timely</u></b></p> <p>Account, charge review, and claim edit work queues that contain unbilled encounters are not consistently reviewed and reconciled timely and accurately by the centralized billing teams due to lack of monitoring, leading to the potential risk of untimely billing and/or denials. Lack of monitoring by the centralized billing team was attributed to accounts not qualifying for the appropriate work queue, training opportunities, and Epic functionality.</p> <p>A review of 30 HB accounts and 30 PB accounts in pre-claim work queues were assessed for staff review timeliness and identified the following:</p> <p><u>Hospital Billing:</u></p> <ul style="list-style-type: none"> <li>5 of 30 accounts (~17%) were not reviewed and reconciled within seven days with an average first activity date of ~95 days, ranging from 49 to 201 days. All accounts qualified for a work queue that is not reviewed by billing operations.</li> <li>6 of 30 accounts (20%) had delayed follow-up activities with an average last activity date of ~83 days, ranging from 47 to 203 days.</li> </ul>	<ol style="list-style-type: none"> <li>1. Review accounts from the final testing sheet (provided under separate cover) to ensure timely review and resolution of outstanding account edits.</li> <li>2. Strengthen quality assurance (QA) review practices to ensure billing representatives are reconciling pre-claim errors in a timely, accurate, and effective manner and responding appropriately to changes in payer guidelines, system updates, and workflow changes.</li> </ol>	<p><b><u>Hospital Billing Management Action Plans:</u></b></p> <ol style="list-style-type: none"> <li>1. We determined that all accounts that were not reviewed timely only qualified for the 'No Rules' work queue and we took the necessary corrective actions on the accounts. Detailed management action plan responses for addressing this are outlined within observation two below. – Completed</li> <li>2. We will continue to implement supplemental training for associates and reinforce the workflow to escalate and defer accounts. – Target Date: 8/31/22</li> </ol> <p><b><u>Hospital Billing Action Plan Owner(s):</u></b></p> <ol style="list-style-type: none"> <li>1. Scott Smith, Director, Revenue Cycle Operations</li> </ol> <p><b><u>Professional Billing Management Action Plans:</u></b></p> <ol style="list-style-type: none"> <li>1. We requested and obtained two additional Full-Time Employees to support work queues. – Completed</li> <li>2. We will review the testing results and take the appropriate action to ensure staff are re-educated and re-trained. – Target Date: 8/31/22</li> </ol>

## Detailed Observation and Action Plans Matrix

Observation	Recommendation	Management Response
<p><u>Professional Billing:</u></p> <ul style="list-style-type: none"> <li>• 15 of 30 accounts (50%) were not reviewed and reconciled within seven days with an average first activity date of ~50 days, ranging from 10 to 139 days.</li> <li>• 8 of 30 accounts (~27%) had delayed follow-up activities with an average last activity date of ~80 days, ranging from 26 to 156 days.</li> <li>• 10 of 30 accounts (~33%) did not have descriptive account and/or deferral notes to determine the action(s) taken and reason(s) for action.</li> </ul>		<ul style="list-style-type: none"> <li>A. We will update Standard Operating Procedures (SOPs) to add an Internal Control Number (ICN) for replacement claims prior to submission.</li> <li>B. We will reinforce the workflow to escalate and defer accounts timely.</li> <li>C. We will re-train associates on the Epic filters to identify the division of specific Advanced Practice Providers (APPs).</li> </ul> <p>3. We will submit service tickets to Information Resources (IR) for issues identified from the testing observations. These tickets will assist us in helping to do the following: – Target Date: 8/31/22</p> <ul style="list-style-type: none"> <li>A. Identify the root cause of a charge that is written off but remains in a work queue.</li> <li>B. Prevent accounts requiring name match process review within Waystar from populating in the Medicine Team’s work queue until the review is complete.</li> <li>C. Implement a hard-stop to require an ICN on replacement claims.</li> <li>D. Evaluate the appropriateness of a current edit in place and how to appropriately resolve.</li> </ul>

## Detailed Observation and Action Plans Matrix

Observation	Recommendation	Management Response
		<p><b><u>Professional Billing Action Plan</u></b>  <b><u>Owner(s):</u></b></p> <ol style="list-style-type: none"> <li>1. Wathen Strong, Director, Medical Group Revenue Cycle</li> <li>2. Brent Townsend, Director, Medical Group Revenue Cycle</li> </ol> <p><b><u>Quality Assurance Team Management Action Plans:</u></b></p> <ol style="list-style-type: none"> <li>1. We will continue to transition all Billing Team QA processes from Billing Leadership to QA Leadership to ensure that pre-claim work queue accounts are worked timely and appropriately. – Target Date: 7/31/23</li> </ol> <p><b><u>Quality Assurance Team Action Plan</u></b>  <b><u>Owner(s):</u></b></p> <ol style="list-style-type: none"> <li>1. Julie Gordon, Manager, Revenue Cycle Quality Assurance</li> </ol>

## Detailed Observation and Action Plans Matrix

Observation	Recommendation	Management Response
<p><b>Risk Rating: Medium</b> ●</p> <p><b>2. <u>Ensure All Accounts Route to the Appropriate Epic Pre-Claim Work Queue for Review and Reconciliation</u></b></p> <p>All pre-claim errors do not consistently qualify for the appropriate operational work queue based on the pre-claim billing error description, leading to potential risk of untimely review and claim submission and a timely filing write-off.</p> <p>A review of 39 accounts in a claim edit work queue (18 HB and 21 PB) identified the following:</p> <p><u>Hospital Billing:</u></p> <ul style="list-style-type: none"> <li>8 of 18 HB accounts (~44%) did not qualify for the appropriate departmental Epic work queue.</li> </ul> <p><u>Professional Billing:</u></p> <ul style="list-style-type: none"> <li>2 of 21 PB accounts (~10%) did not qualify for the appropriate departmental Epic work queue.</li> </ul>	<ol style="list-style-type: none"> <li>Partner with IR to implement a column in all 'No Rules' work queues that indicates if the account only qualified for the 'No Rules' work queue. This column is present in the PB work queue "UTSW NO RULES WQ [3575]" with the column header 'Qualified for No Rules Work Queue Only'. This column should be reviewed by leadership weekly to identify and copy accounts only in the 'No Rules' work queues to the appropriate departmental work queue.</li> <li>Partner with IR to update claim edit work queue logic to ensure accounts that are only qualifying for the 'No Rules' work queue also qualify for the appropriate departmental claim edit work queues.</li> <li>Review the Candidate For Bill (CFB) report weekly to ensure that all accounts within the report that have an error that needs to be resolved prior to billing qualify for an Epic work queue.</li> </ol>	<p><b><u>Hospital Billing Management Action Plans:</u></b></p> <ol style="list-style-type: none"> <li>We reviewed the testing sheet issues and transferred the accounts to the appropriate work queue for the QA team to review and reconcile. – Completed</li> <li>We worked with IR to include a section in the dashboard that identifies accounts not in the appropriate pre-claim work queue and created a column in the 'No Rules' work queue that identifies if the account also qualifies for another claim edit work queue. – Completed</li> </ol> <p><b><u>Hospital Billing Action Plan Owner(s):</u></b></p> <ol style="list-style-type: none"> <li>Scott Smith, Director, Revenue Cycle Operations</li> <li>Beth Lasky, Business Analyst, IR Health Revenue Cycle</li> </ol> <p><b><u>Professional Billing Management Action Plans:</u></b></p> <ol style="list-style-type: none"> <li>We reviewed the testing results and transferred the accounts to the appropriate work queue for the QA team to review and reconcile. – Completed</li> </ol>

## Detailed Observation and Action Plans Matrix

Observation	Recommendation	Management Response
		<p>2. We submitted an IR service ticket to create a column in the 'No Rules' work queue that identifies if the account also qualifies for another claim edit work queue and to understand why the accounts from the testing sheet were not identified. – Completed</p> <p><b><u>PB Action Plan Owner(s):</u></b></p> <ol style="list-style-type: none"> <li>1. Wathen Strong, Director, Medical Group Revenue Cycle</li> <li>2. Brent Townsend, Director, Medical Group Revenue Cycle</li> </ol>

## Detailed Observation and Action Plans Matrix

Observation	Recommendation	Management Response
<p><b>Risk Rating: Low</b> ●</p> <p><b>3. <u>Assign Epic Pre-Claim Work Queue Performance Status Consistently and Appropriately</u></b></p> <p>Billing supervisors do not consistently assign the correct performance status for the work queues that they oversee within Epic. This results in leadership not consistently identifying work queues that need to be prioritized by staff and establishing associated action plans.</p> <p>A review of 26 Epic pre-claim work queue performance statuses (12 HB and 14 PB) identified the following:</p> <p><u>Hospital Billing:</u></p> <ul style="list-style-type: none"> <li>• 2 of 12 HB work queue statuses (~17%) were incorrectly assigned based on pre-bill target metrics.</li> </ul> <p><u>Professional Billing:</u></p> <ul style="list-style-type: none"> <li>• 9 of 14 PB work queue statuses (~64%) were incorrectly assigned based on pre-bill target metrics.</li> </ul>	<ol style="list-style-type: none"> <li>1. Review the work queue performance statuses that were incorrectly assigned to understand the root cause. Reinforce management expectations and guidelines for implementing action plans for work queues that are not in a 'Good' performance status to ensure that the root cause is being addressed.</li> <li>2. Conduct ongoing QA reviews (e.g., ten work queue statuses weekly until QA score attains 90% compliance) to ensure billing supervisors are consistently assigning an accurate status to the work queues based on pre-bill target metrics.</li> <li>3. Continue to partner with Epic to evaluate the feasibility to develop functionality to automatically assign work queue performance status based on pre-bill target metrics. This development will be contingent upon Epic release date.</li> </ol>	<p><b><u>Hospital Billing Management Action Plans:</u></b></p> <ol style="list-style-type: none"> <li>1. We requested Epic to automatically assign the work queue performance status. This is still under advisement from Epic. – Completed</li> <li>2. We will review work queues with the incorrect performance status from the Internal Audit testing sheet. We will reinforce the parameters that are assessed to qualify a work queue as current and requirements for the action plans. – Target Date: 8/31/22</li> </ol> <p><b><u>Hospital Billing Action Plan Owner(s):</u></b></p> <ol style="list-style-type: none"> <li>1. Scott Smith, Director, Revenue Cycle Operations</li> </ol> <p><b><u>Professional Billing Management Action Plans:</u></b></p> <ol style="list-style-type: none"> <li>1. We converted the reports to consistently assign the work queue performance status. – Completed</li> <li>2. We reinforced the parameters that are assessed to qualify a work queue as current and the requirements for the action plans. – Completed</li> <li>3. We requested Epic to automatically assign the work queue performance status. This is still under advisement from Epic. – Completed</li> </ol>

**Detailed Observation and Action Plans Matrix**

Observation	Recommendation	Management Response
		<p><b><u>Professional Billing Action Plan</u></b>  <b><u>Owner(s):</u></b></p> <ol style="list-style-type: none"> <li>1. Wathen Strong, Director, Medical Group Revenue Cycle</li> <li>2. Brent Townsend, Director, Medical Group Revenue Cycle</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 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:

<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 above 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.