MEMORANDUM

TO: Donna K. Sollenberger
Executive Vice President & CEO, UTMB Health System

FROM: Kimberly K. Hagara, CPA, CIA, CISA, CRMA
Associate Vice President, Audit Services

DATE: February 13, 2014

SUBJECT: Revenue Cycle Charge Hold Process
Audit Control Number 2013-010

Attached is the final audit report regarding the Revenue Cycle Charge Hold Process. This audit will be presented at the next Institutional Audit Committee meeting.

Additionally, please find attached Audit Services audit recommendation follow up policy. Each of the recommendations is classified by type at the end of its identifying number: Significant (S), Risk Mitigation (R), or Process Improvement (P). As you will note in the policy, the classification of the recommendation determines the frequency of our follow up. All follow up results are reported quarterly to the Institutional Audit Committee.

Thank you for your cooperation and assistance during the course of this review. If you have any questions or comments regarding the audit or the follow-up process, please feel free to contact me at (409) 747-3277.

Attachments

c: Suman K. Smith
Laurence E. Laughlin
The University of Texas Medical Branch
Audit Services

Audit Report
Revenue Cycle Charge Hold Process
Audit Control Number 2013-010
February 2014

The University of Texas Medical Branch
Audit Services
301 University Boulevard, Suite 4.100
Galveston, Texas  77555-0150
Revenue Cycle Charge Hold Process
Audit Control Number: 2013-010

Background
The University of Texas Medical Branch’s (UTMB Health’s) patient revenue cycle involves multiple processes to ensure charges for services rendered are captured and coded to produce accurate and complete claims for reimbursement. As charges move through the cycle, they may be suspended or “held” until missing data or identified errors are corrected and posted in the system.

In 2003, UTMB Health selected Epic Systems as its primary electronic medical record (EMR) vendor with the long-term goal of establishing an integrated clinical documentation and support system. UTMB Health implemented the utmbConnect initiative in April 2013, transitioning its registration, scheduling, and billing processes to associated modules within Epic. Under the legacy billing systems, the department of Physician Billing Services (PBS) and Hospital Patient Financial Services (HPFS) were primarily responsible for working unbilled charges. With the utmbConnect implementation, these responsibilities now include the clinical departments along with Revenue Cycle Operations, created with the merger of PBS and HPFS.

The Health System Executive Vice President and Chief Executive Officer requested a review of post utmbConnect processes related to processing unbilled patient charges to assess whether the new processes are working as intended.

Audit Objective
The primary objective of this audit is to review the current processes for monitoring, analyzing, and working unbilled charges within the patient revenue cycle.

Scope of Work and Methodology
The scope of work included post utmbConnect (current) revenue cycle operations related to processing charges for services rendered. Our audit methodology consisted of interviews with key personnel and review of available documentation and data.

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing as promulgated by the Institute of Internal Auditors.

Audit Results
Once healthcare service charges are posted in the Epic Resolute module, they automatically route through the system until billed. Charges missing required data or needing other forms of validation are automatically routed into a network of more than 500 work queues for further action. Individuals from numerous functional departments, including Revenue Cycle Operations managers and specialists to clinic/departmental managers and front-line staff are assigned various work queues. Audit Services interviews with Revenue Cycle leadership indicated an established expectation of work queue owners monitoring and addressing work queue activity on a daily basis.
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Policies and Procedures
Detailed policies and procedures are effective control activities that provide guidance to staff, reasonable assurance that the institution is in compliance with applicable laws and regulations when followed and help ensure that management directives are understood and followed. Additionally, established, documented policies and procedures support both training and cross-training of personnel. Interviews with key personnel indicate Revenue Cycle policies and procedures have not been updated to reflect new Epic revenue cycle workflows and processes.

**Recommendation 2013-010-01-R:**
The Vice President, Revenue Cycle, should update Revenue Cycle policies and procedures to reflect new Epic revenue cycle workflows and processes. Once all policies and procedures are updated, they should be appropriately communicated to all applicable personnel.

**Management’s Response:**
Revenue Cycle agrees with this recommendation and understands the need to tailor operational policies and procedures unique to UTMB. The current policies which have been adopted are all “EPIC” off the-shelf policies and not unique to UTMB.

**Implementation Date:** 05/01/14

Training
Prior to the April 2013 utmbConnect launch, Revenue Cycle leadership provided training to institutional personnel responsible for working unbilled charges; follow-up training sessions were held in July-August after the go-live. Audit Services interviews with a sample of seven work queue owners indicated varying degrees of satisfaction with the quality and quantity of training. Three owners expressed a desire for more specific, formal manager training in addition to the creation of reports which would facilitate monitoring at their level of the organization.

**Recommendation 2013-010-02-R:**
The Vice President, Revenue Cycle, working with Health System leadership should identify additional training needs related to the Epic charge hold processes. Once the specific needs are identified, a training plan and content should be developed and implemented.

**Management’s Response:**
Revenue Cycle agrees with this recommendation. During EPIC implementation, initial/basic training was offered to acclimate departments to the new system. Post-implementation, revenue cycle organization has matured in the EPIC software and has identified more efficient processes which should be shared with Health System Leadership.

**Implementation Date:** 07/14
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Oversight and Monitoring
Audit Services interviews with Revenue Cycle leadership indicated that while the group held weekly post implementation meetings, these meetings and follow up activities were not formally documented. Since the topics discussed and actions planned and taken were not formally documented, Audit Services was unable to assess the effectiveness of these meetings or their impact on improving operational activities. A new Revenue Cycle Oversight Committee, originally planned to launch in September 2013, is now expected to begin in January 2014.

Additionally, Audit Services considered the operational activities of the established Financial Registration and Reimbursement Committee. This committee is comprised of representatives from Revenue Cycle Operations, various clinical departments, Health System leadership, Information Services, and the Office of Institutional Compliance. The Committee’s charter indicates its mission is to create “...a forum with an open line of communication between all stakeholders and fostering an environment of transparency and progress.” A review of FYs 2013-2014 meeting minutes indicated they were well-organized and clearly documented issues discussed and actions planned/taken.

Recommendation 2013-010-03-P:
Once the Revenue Cycle Oversight Committee is operational, the Vice President, Revenue Cycle, should ensure minutes and other documentation related to Committee activities are created, maintained, and appropriately distributed.

Management’s Response:
Revenue Cycle agrees with this recommendation. Meeting minutes, documentation/material/presentations, operational issues log and attendance will be captured each meeting. Issues will be prioritized and ranked based on committee recommendations. The committee will also review policies and procedures prior to revenue cycle implementation.

Implementation Date: 2/20/14

Data Analysis and Trending
Interviews with Revenue Cycle leadership indicated the UTMB Health’s legacy billing systems reporting functionality significantly limited their ability to generate analyzable data for monitoring billing workflows and identifying potential problem areas. These limitations also prevented Audit Services from performing data trending comparisons between the legacy and Epic systems to assess the effectiveness of the new processes relative to timely processing of unbilled charges.

Epic's billing system provides a wealth of data that can be tracked and trended in innumerable ways. After the utmbConnect implementation, weekly graph and data metric packages were produced including such information as UTMB Health's claim edit and billed lag day performance compared with all other EPIC organizations. Additionally, the reporting graph packages contained performance data and graphs detailing items such as the top ten reasons for delays in billing posted charges. Revenue Cycle leadership discontinued widespread
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distribution of the reporting graph packages in October 2013 citing the packages contained more
detail than needed by most of the recipients.

As Revenue Cycle leadership gains experience with Epic's report functionality, it should remain
cognizant of Health System managers and directors need for regular reports that will help them
manage their new revenue cycle responsibilities.

**Conclusion**
Based on the audit procedures performed, the Epic revenue cycle processes implemented related
to working unbilled charges appear to be working as intended; however, legacy billing systems
functionality prevented Audit Services from performing data trending comparisons between the
legacy and Epic systems to assess the effectiveness of the new processes relative to timely
processing of unbilled charges. Opportunities to strengthen the infrastructure supporting Epic's
processes were noted for updating policies and procedures; developing additional training;
documenting oversight and monitoring activities; and, continuing development of reports to
facilitate monitoring.

We greatly appreciate the assistance provided by Revenue Cycle and Health System staff, and
hope that the information presented in our report is beneficial.

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