MEMORANDUM

TO: Habib Tannir, Executive Director & Division Administrator
FROM: Sherri Magnus, Vice President & Chief Audit Officer
SUBJECT: Diagnostic Imaging Charge Reconciliation Review
Audit Control Number 2014 – 110

We have completed our review of the Diagnostic Imaging (DI) charge capture reconciliation processes. The primary objective was to gain an understanding and document the key controls surrounding the reconciliation process for both professional and technical charges. We interviewed key personnel and reviewed DI’s reconciliations for the months of April, May, and June 2014. We also reviewed the Suspense Reports for the period of January through June 2014.

Based on our review of the department’s reconciliation processes, we determined that a monthly reasonableness test is conducted for both professional and technical charges. According to management, the implementation of the CodeRyte system, limited DI’s ability to reconcile professional charges by patient’s accession number. Currently, the professional charge reconciliation is a comparison of charges and quantities from the Radiology Information System (RIS) to EIW, the patient billing data warehouse, using a common field that combines the service date, CPT and medical record number from each system. The technical charge reconciliation compares charges and quantities by service codes from RIS to Hyperion, the Institution’s financial reporting system. For the reconciliations reviewed, we noted charge variances that ranged from less than 1 percent to a 2.9 percent ($467,068) professional variance. Management disclosed that due to the lack of resources, a decision was made to only investigate variances of 5 percent or more.

As part of this assessment, we also reviewed the Suspense Report, a charge rejection report that captures technical charges suspended and not posted to CARE. Charges were suspended due to a lack of service dates, service codes and/or cases. If suspended charges are not addressed within 14 days they are automatically purged and the charge is lost.

In January 2014, we identified over $367,000 in lost charges primary due to “no service date or “no case number”. When brought to management’s attention this amount decreased significantly to $5,568 over a 6 month period as depicted in the chart below. We also identified approximately 5 service codes used in RIS that were not setup in the CDM resulting in 198 rejected charges. We were unable to quantify these rejections because there is no price setup in the CDM.

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Recommendation:
We acknowledge and encourage management to continue their efforts to enhance the reconciliation processes for both professional and technical charges. As of July 2014, DI had generated over $1 billion in gross patient charges. Given the Division’s plans to expand its services to West Houston in September, we recommend that management take the following actions:

- Ensure that all service codes used to bill patients are setup in the CDM prior to services performed.
- Re-evaluate the criteria used to determine the variance threshold which requires further investigation.
- Review deleted charges from the Recirculating Error File and determines if action should be taken to bill the patients for these charges.
Management's Action Plan
Responsible EVP: Thomas Buchholz
Owner: Habib Tannir
Observer: Wenonah Ecung
Due Date: February 28, 2015

- Management has assigned a new team to address and review charge errors. The new team will identify service codes in RIS that are not activated in CARE. Additional education will be provided to the department to ensure new service codes are setup in both systems prior to use.
- Management has started a process to automate the comparison of the CPT Change Report to the Professional Charge Reconciliation. Once the comparison can be made a determination of the feasibility to reducing the variance threshold will be made.
- After Internal Audit provides the deleted charges from the Recirculating Error File, management will determine if action should be taken.

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.”

We appreciate the courtesy and cooperation extended to us by during this review.

This review was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.