UT Southwestern
Medical Center

Revenue Cycle: Charge Capture – Department of Surgery Audit

Internal Audit Report 19:14

January 10, 2020

Executive Summary

Background

The UT Southwestern Medical Center (UT Southwestern) Department of Surgery (Surgery Department) mission is to deliver high value surgical care in diverse clinical settings that serve the needs of patients, the academic mission, and community stakeholders. Surgery Department physicians see patients and perform surgical procedures at UT Southwestern clinics, University Hospitals and affiliated hospitals such as Parkland Health & Hospital System, Children's Medical Center Dallas, and Texas Health Resources Dallas. The Surgery Department is comprised of the eight divisions shown below, including the multidisciplinary UT Southwestern Center for Minimally Invasive Surgery program, and focuses on clinical care, research, resident and student education.

- Colorectal Surgery
- Endocrine Surgery
- General and Acute Care Surgery
- Oral and Maxillofacial Surgery
- Pediatric Surgery
- Surgical Oncology
- Surgical Transplantation
- Vascular Surgery

In fiscal year 2019, the Surgery Department generated approximately $52.5M in billed revenues, and its revenue cycle team consists of one manager and eleven reimbursement specialists who report to the Department Administrator. The team provides continuous support and review of clinical documentation including review of physician notes, procedure codes and charge entry into Epic through telecommunication and in-person work sessions with individual providers. The Surgery Department performs unique and complex surgeries relative to medical coding and charge capture, and therefore functions independently from UT Southwestern's Central Revenue Cycle Operations.

Executive Summary

Scope and Objectives

The Office of Internal Audit has completed its Revenue Cycle Charge Capture–Department of Surgery audit. This was a recurring risk-based audit and part of the fiscal year 2019 (FY2019) Audit Plan. Audit procedures included interviews with stakeholders; reviews of policies, procedures, and other relevant documents; data analytics; and substantive testing. The audit scope included FY2019 Department of Surgery activities.

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:

- Monitoring of activities, reporting and financial management
- Timeliness, completeness and accuracy of charges
- Compliance with key regulations and institutional policies and procedures

We conducted our examination according to guidelines set forth by the *Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing*.

Conclusion

Overall, the Department of Surgery has adequate controls in place for effectively managing the charge capture process and ensuring compliance with policies and procedures. Opportunities exist for the Department to perform root cause analysis on the charges that make up the outstanding accounts receivable balances to determine actions needed for meeting performance metrics. In addition, management has identified key areas for improvement by exploring ways to establish more meaningful reporting, better use of tools, and access to detailed data for advanced analytics and monitoring. This includes performing a staffing resource assessment for identifying was to lower charge review workqueue lag time. Furthermore, coordinating with Ambulatory Operations is needed to access and establish Epic training schedules and a training structure for new providers to support a sustainable and effective charge capture process.

Executive Summary

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 (2)	Low (1)	Total (3)

Key improvement opportunities are summarized below.

●   **1. <u>Improve Departmental Monitoring and Reporting Capabilities</u>** – The Department of Surgery does not have access to underlying data for performing root cause analysis on charges that make up the outstanding accounts receivable balances, and did not fully utilize the appropriate reports and tools to ensure adequate monitoring of charges. Without this analysis and usage of reports, current established performance metrics may not accurately represent the department's capabilities when compared to the centralized Revenue Cycle Operations.

●   **2. <u>Improve Lag Time in Charge Review Workqueues</u>** – Professional charges routed to the Surgery Department's charge review workqueues have lag times higher than the established goal and Central Revenue Cycle Operations averages. High lag times may negatively impact the charge capture billing and potentially leads to an increased risk of delayed payments or denials.

●   **3. <u>Establish Continuous Epic Training Intervals for New Providers</u>** – Newly hired providers in the Department of Surgery receive Epic onboarding training; however, Epic training schedules are not established and a training structure is not in place potentially leading to incorrect and untimely input of charges by providers.

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 for Internal Audit, Chief Audit Executive

Executive Summary

Audit Team:
Elias Dib, Senior Auditor
Robin Irvin, Manager
Jeff Kromer, Director, IT & Specialty Audit Services
Melinda Lokey, Director
Van Nguyen, Supervisor

cc: Arnim E. Dontes, Executive Vice President, Business Affairs
         Kelly Kloeckler, Associate Vice President, Revenue Cycle Operations
         Karen Leonard, Manager, Revenue Cycle, Department of Surgery
         Mark Meyer, Chief Financial Officer, University Hospitals
         Rebecca Napier, Department Administrator, Department of Surgery
         Terry Neal, Director, Decision Support, University Hospitals
         Brian Rasmus, Associate Vice President, Finance Practice Plan, Medical Group Finance
         Krystal Richardson, Director, Revenue Cycle Operations, Patient Financial Services, University Hospitals
         Brent Townsend, Director Front End Medical/Surgical Billing, Medical Group Revenue Cycle Operations
         John Warner, M.D., MBA, Executive Vice President Health System Affairs & Chief Executive Officer, University Hospitals
         Herbert J. Zeh, III, M.D., Professor & Chair, Department of Surgery

Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
Risk Rating: Medium 🟡 **1. Improve Departmental Monitoring and Reporting Capabilities** The Department of Surgery does not have access to underlying data for performing root cause analysis on charges that make up the outstanding accounts receivable (A/R) and did not fully utilize the appropriate reports and tools to ensure adequate monitoring of charges. Without this analysis and usage of reports, current established performance metrics may not accurately represent the department's capabilities when compared to Central Revenue Cycle Operations. To improve monitoring and reporting capabilities, the Department must have access to the underlying data and use the appropriate reports and tools to identify any areas of improvement needed to meet established benchmarks and goals. For FY2019, the Department of Surgery average days in A/R (excluding charity) was 66 days. The overall Revenue Cycle Operations' average days in A/R is approximately 44 days (Hospital Billing) and 31 days (Professional Billing).	1. Perform root cause analysis and assess the need for developing performance metrics that are specific to the Department of Surgery operations. 2. Determine course(s) of action to address ways for maintaining A/R average days in accordance with performance metrics and assign accountability for monitoring. 3. Coordinate with the Medical Group Finance (MGF) Administration team to identify methods for effectively managing A/R, and to assess any necessary assistance in the follow-up and collection process.	**Management Action Plans:** 1. We are performing root cause analysis and assessing any necessary updates to the Department's performance metrics. 2. We are determining course of action necessary to maintain average days in accounts receivable in accordance with the identified performance metrics and assigning responsibility for monitoring. 3. We are coordinating with the MGF Administration team to identify methods for effectively managing accounts receivable and any value add for assisting in the follow-up and collection process. **Action Plan Owners:** Department Administrator, Department of Surgery **Target Completion Dates:** 1. May 31, 2020 2. May 31, 2020 3. May 31, 2020

Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
Risk Rating: Medium 🟡 **2. Improve Charge Review Workqueue Lag Times** Professional charges routed to the Surgery Department's charge review workqueues (WQs) have lag times (i.e., number of days from the date the charge entered the workqueue to the date the charge was reviewed and cleared) higher than the established goal and Central Revenue Cycle Operations' averages. High lag times may negatively impact the charge capture billing process and potentially lead to an increased risk of delayed payments or denials. The Department's lag time goal is seven days or less. Central Revenue Cycle Operations' average lag time is 6.4 days. As of November 5, 2019, 9 of 12 charge review WQs had lag times greater than 30 days and active charges of $3.9 million. Additionally, department administration identified lag times are likely affected by complex surgeries and supporting notes for medical coding. As a result, there is a need for improved clinical documentation, data flow and insight into disease processes and treatments.	1. Develop and implement steps and timelines for resolving any dated items in back-end charge review WQs. 2. Reemphasize continuous monitoring and reporting, and assign accountability for ensuring charges routed to WQs are reviewed and released timely. 3. Conduct a performance needs assessment including evaluating team organization and skillsets, and provide appropriate training to current members and/or new members.	**Management Action Plans:** 1. A plan is developed to address resource needs and resolution of dated items in back=end charge review WQs. 2. We are reemphasizing continuous monitoring and reporting and assigned accountability for review and timely release of charged routed to WQs. 3. We are conducting a performance needs assessments. **Action Plan Owners:** Department Administrator, Department of Surgery **Target Completion Dates:** 1. March 31, 2020 2. March 31, 2020 3. March 31, 2020

Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
Risk Rating: Low 🟢 **3. Establish Continuous Epic Training Intervals for New Providers** Newly hired providers in the Department of Surgery receive Epic onboarding training; however, Epic training schedules are not established and a training structure is not in place potentially leading to incorrect and untimely input of charges by providers. As an institutional best practice, Epic training, including processing medical orders and procedures, documentation, coding and charge reconciliation should occur on a routine basis for all newly hired providers joining the Medical Center.	1. Coordinate with Ambulatory Operations to gain access to current Epic training for new providers. 2. Establish and implement monthly training schedules. Ensure all new providers are included in the schedules, and are receiving trainings on a routine basis, as appropriate. 3. Define training structure such as developing trainings for specific divisions and ensure trainings include, but are not limited to, coding, evaluation & management charges, visit rankings, entering charges and creating orders. These training sessions should cover key areas in the charge capture process such as how to create orders and enter corresponding charges.	**Management Action Plans:** 1. We coordinated with Ambulatory Operations and gained access to current Epic training for new providers. 2. We are establishing and implementing monthly training schedules including schedules for new providers. 3. We are defining a training structure that covers key areas in the charge capture process. **Action Plan Owners:** Manager, Revenue Cycle, Department of Surgery **Target Completion Dates:** 1. Completed 2. March 31, 2020 3. March 31, 2020

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:

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.	**Degree of Risk and Priority of Action**	
	Priority	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.
	High	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.
	Medium	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.
	Low	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 anticipated.