



## **Revenue Cycle – Claim Edits Audit**

**Internal Audit Report 19:05**

**October 21, 2019**

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## Executive Summary

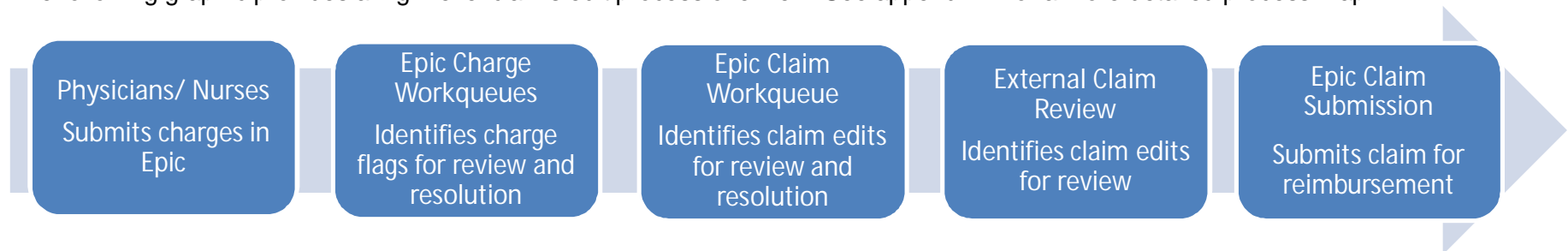
### Background

The Centers for Medicare & Medicaid Services (CMS) developed the National Correct Coding Initiative “to promote national correct coding methodologies and to control improper coding”. The claim edits process encompasses medical providers rendering services, completing necessary documentation, and coding procedures performed which generates charges for review/edit prior to insurance or guarantor billing.

UT Southwestern uses EpicCare Ambulatory/Inpatient module to document medical services performed. Current Procedural Terminology, developed by the American Medical Association, translates procedures into charges via the charge description master file, a comprehensive listing of services or items billable to a physician encounter Professional Billing (PB). Hospital Billing (HB) encompasses technical and non-technical charges grouped by revenue codes belonging to a Hospital Account Record (HAR). Epic HB and PB claim modules are programmed with billing edits to comply with the CMS coding initiatives and other payor-specific rules. UT Southwestern claim edits process automates necessary billing and coding checks to minimize payor denials which could delay receipt of payment. If a claim check determines that a claim edit requires manual intervention, it will route the claim to the appropriate Epic workqueue for review.

The Hospital Edit Administration Workgroup (HEAW) and Edit Administrative Committee (EAC) are responsible for overseeing the Hospital and Professional revenue cycle claim edit activities. Claim edits are primarily the responsibility of (1) Hospital Health Information Management (HIM) Coding, (2) Revenue Integrity (a part of the Hospital Decision Support team), and (3) Hospital/Professional Revenue Cycle Management Administration Departments (Patient Financial Services and Front End Medical/Surgical Billing). HIM Coding is further organized into Inpatient, Outpatient Ancillary and Surgical, and Clinical Documentation. Revenue Integrity consists of audit nurses and analysts. All three groups report to the University Hospitals Chief Financial Officer. The Department of Radiation Oncology and the Harold C. Simmons Comprehensive Cancer Center review and perform claim edits under their responsibility.

The following graphic provides a high-level claims edit process overview. See appendix B for a more detailed process map.



## Executive Summary

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### **Scope and Objectives**

The Office of Internal Audit has completed its Revenue Cycle – Claim Edits audit. This was a risk based audit and part of the fiscal year 2019 Audit Plan. Audit procedures included interviews with stakeholder; reviews of policies, procedures, and other relevant documents; data analytics; and substantive testing. The audit scope included FY2019 activities.

The overall audit objectives were to assess the effectiveness and efficiency of operations and programs and the internal controls that ensure achievement of objectives, compliance with key regulations and institutional policies and procedures, safeguarding of assets, and accuracy of reporting. Specifically, to evaluate the processes and controls in place for managing claim edits for professional and hospital charges.

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, current processes and controls enable accurate resolution of claim edits – within four days for HIM Coding and within six days for other claim edit work queues. There are opportunities to improve workqueue rules and routing to allow for clear identification by assigned group of workload responsibilities to review and resolve edits, which will improve efficiency. In addition, updating the communication and response times with the external vendor will improve flag resolution timeliness.

## Executive Summary

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The following table summarizes the observations and 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 (0)	Low (1)	Total (1)
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One key improvement opportunity is summarized below.

- 1. **Enhance Workqueue Review Accountability** – The ZIRMED claim edit work queue (WQ) does not clearly identify the workload responsibilities to review and resolve edits for each assigned group which results in increased inefficiency and untimely resolution of the flags.

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

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

Sincerely,

Valla F. Wilson, Vice President for Internal Audit, Chief Audit Executive

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## Executive Summary

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## Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p><b>Risk Rating: Low</b> 🟢</p> <p><b>1. Enhance Workqueue Review Accountability</b></p> <p>The ZIRMED/Waystar claim edit work queues (WQ) are not clearly identifying the workload responsibilities to review and resolve edits for each assigned group. Specifically, accounts with multiple edit flags require repeated reviews and resubmissions by individual assigned owners before all edit flags are cleared for billing, which results in increased inefficiency and untimely resolution of the flags.</p> <p>The ZIRMED/Waystar WQ's capture accounts with edit flags identified by a third party vendor and are jointly monitored by Revenue Integrity, Hospital Central Billing Office and other responsible process owners. The WQ routing rules are linked to the standard message received from the third party vendor rather than the actual flag itself which is creating the inefficiencies.</p>	<ol style="list-style-type: none"> <li>Evaluate the following enhancement opportunities: <ul style="list-style-type: none"> <li>Grouping claim edits by the actual edit context,</li> <li>Creating separate WQs by responsible owners rather than one joint WQ in order to improve processing efficiency and accountability, and/or</li> <li>Following up with the vendor to leverage Epic activity codes to transfer billing edit accounts to appropriate WQs.</li> </ul> </li> <li>Coordinate with Information Resources (IR) team to create an open communication loop with ZIRMED/Waystar to allow for real time issue status and reduce time to clear edits.</li> </ol>	<p><b><u>Management Action Plans:</u></b></p> <ol style="list-style-type: none"> <li>A meeting was scheduled in early October with a peer Epic client to obtain advice on ZIRMED WQ routing suggestions. The meeting confirmed that UTSW's set up and configurations are in line with this peer's setup. One difference that was noted, however, was that this peer Epic client's WQ are not split as granularly as UTSW operations, but it also showed that they have similar issues as UTSW. This Epic client was able to get an additional report from Waystar that showed the exact logic that Waystar is using to build their edits. In the past, UTSW had asked to receive the same report and was denied access to it. This report would have allowed us to precisely mirror the Waystar logic in Epic, which is now performed manually.</li> <li>Waystar is working on an enhancement to their software that allows sites to map error codes by edit, instead of taking their standard error code. This has been our (and other Epic clients) main issues with WQ routing. Waystar expects to complete their software development in late November.</li> </ol>

## Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
		<p>3. Update communication/response link with ZIRMED/Waystar to allow for real time issue review and response.</p> <p><b><u>Action Plan Owners:</u></b></p> <p>Director, Revenue Cycle and Business Systems</p> <p>Assistant Vice President and Chief Information Officer, University Hospitals</p> <p>Director, Revenue Cycle Operations, Patient Financial Services</p> <p><b><u>Target Completion Dates</u></b></p> <p>December 31, 2019 – Plan developed (depending upon software delivery from Waystar)</p> <p>March 31, 2020 – Testing completed and move to production</p>



## 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:

<p><b>Risk Definition-</b> The degree of risk that exists based upon the identified deficiency combined with the subsequent priority of action to be undertaken by management.</p>	<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.

## Appendix B – Revenue Cycle Process

