

Charge Capture & Reconciliation Assessment - Department of Ophthalmology Internal Audit Report SMC25AS0009

April 29, 2025



Executive Summary

Charge capture encompasses the documentation, charging, posting, and reconciliation of charges for services rendered and items provided to patients. As a fundamental component of the revenue cycle function, a formalized charge capture process plays a critical role in ensuring accurate documentation of all services provided prior to billing. This process is essential for healthcare systems to optimize revenue by capturing all charges associated with patient care, thereby mitigating the risk of revenue leakage or missed revenue opportunities, which could adversely affect the financial stability of the organization. Furthermore, precise charge capture supports compliance with regulatory requirements, minimizes billing errors, and contributes significantly to the healthcare system's financial sustainability.

This is a recurring engagement on the annual audit plan. The Department of Ophthalmology was selected due to the decentralized charge capture process.

Engagement Results

The Office of Institutional Compliance & Audit Services (OICAS) conducted an audit of the charge capture and reconciliation process for the Department of Ophthalmology ambulatory clinics. Overall, processes are in place to accurately capture charges, and we recognized multiple strengths for these processes. Data analytic testing noted no exceptions related to:

- Procedure and Evaluation & Management (E&M) charges for scheduled visits
- Drug and drug administration charges
- Post-operative charges in the post-operative global period
- Post-operative charges with a post-operative visit on the schedule

One control gap identified was the lack of a written Standard Operating Procedure (SOP) for charge capture and reconciliation in the department. This presents an opportunity for improvement to facilitate accurate charge capture and consistency of processes.

A summary of observations is outlined below:

AREA	OPPORTUNITIES	RISK RATING
<i>Policies & Procedures</i>	<ul style="list-style-type: none"> • Documented Charge Capture and Reconciliation Procedures 	LOW

Further details are outlined in the Detailed Observations section. Less significant issues were communicated to management.

Management Summary Response

Management agrees with the observation and recommendation and has developed an action plan to be implemented on or before May 30, 2025.

Appendix A outlines the objectives, scope, methodology, stakeholder list, and audit team for the engagement.

Appendix B outlines the Risk Rating Classifications and Definitions.

The courtesy and cooperation extended by the personnel in the Department of Ophthalmology are appreciated.

Natalie A. Ramello

Natalie A. Ramello, JD, CIA, CHC, CHPC, CHRC, CHIAP
Vice President, Chief Institutional Compliance Officer & Interim Chief Audit Executive
Office of Institutional Compliance & Audit Services
April 29, 2025

DETAILED OBSERVATIONS

1. Policies & Procedures

The Department of Ophthalmology lacks formal documentation of procedures and requirements for charge capture and reconciliation. The absence of written procedures can pose a risk to accuracy, consistency and compliance with the department's charge capture practices.

LOW

1.1 Documented Charge Capture & Reconciliation Procedures

Recommendations

Management Action Plan

Leading business practices dictate that health systems should maintain and regularly update policies to ensure all key processes are accurately documented.

The Department of Ophthalmology did not have a written standard operating procedure (SOP) for charge capture and reconciliation. The department has established charge capture procedures; however, these were not formally documented. Written procedures serve as a basis for staff training and communication and can support management in holding staff accountable to execute their expected procedures.

Department managers should:

- Develop a SOP that is specific to the Ophthalmology charge capture and reconciliation process, including required timelines, roles and responsibilities and exception processes.
- Ensure all staff are made aware of any updates to the procedures, and the expectations related to their role.
- Establish a regular cadence (e.g., annual) for review of all documented procedures to update and ensure alignment with current practices.

Action Plan Owner:
Ryan Myers

Action Plan Executive:
Irma Sanchez

Due Date: 05/30/2025

Department management will implement a standardized charge reconciliation process to ensure accuracy in billing and timely identification of discrepancies. Procedures will outline roles, responsibilities, and time requirements to maintain consistency and compliance.

Staff will be trained in procedural updates and informed of any changes to roles and responsibilities.

Appendix A

Objectives, Scope, and Methodology:

The objective of this engagement was to evaluate the charge capture and reconciliation processes to determine the adequacy of controls ensuring timeliness, accuracy, and compliance with applicable regulations, policies, and procedures.

The scope focused on charge capture and reconciliation processes for the Department of Ophthalmology between 04/01/2024 and 09/30/2024. It excluded coding accuracy, medical necessity evaluations, compliance with billing regulations, and hospital/facility charges, addressing only provider-based charges. The following locations were excluded from the project scope: Parkland Health, Texas Health Surgery Center Arlington, Children's Medical Center, and JPS Health Network.

Our procedures included but were not limited to the following:

- Evaluating charge capture and charge reconciliation processes to assess adequacy of controls for charge timeliness, accuracy, and compliance with regulations, policies, and procedures.
- Performing data analytics of Department of Ophthalmology provider charges.
- Testing whether charges were accurately captured and billed for Department of Ophthalmology services.

We conducted our engagement in conformance with the Institute of Internal Auditors' Global Internal Audit Standards™.

Executive Sponsor:

J. William Harbour, M.D., Professor and Chair, Department of Ophthalmology

Key Stakeholders:

Kelly Kloeckler, Associate Vice President, Revenue Cycle

Mark Meyer, Health System Chief Financial Officer

Ryan Myers, Billing Manager, Department of Ophthalmology

Irma Sanchez, Department Administrator, Department of Ophthalmology

Kenya Sanford, Manager, Billing Operations, Department of Ophthalmology

Crystal Schifelbein, Revenue Cycle Manager, Department of Ophthalmology

Internal Audit Team:

Natalie Ramello, Vice President, Chief Institutional Compliance Officer & Interim Chief Audit Executive

Pip Krauss, Assistant Director, Internal Audit

Sean Fields, Project Manager, Internal Audit

Matthew Davis, Director, Kodiak Solutions

Lou Ann Watson, Manager, Kodiak Solutions

Star Durbrow, Senior Consultant, Kodiak Solutions

Colin Stolfa, Senior Associate, Kodiak Solutions

Appendix B

Risk Classifications and Definitions

Each observation has been assigned a risk rating according to the perceived degree of risk that exists based upon the identified deficiency combined with the subsequent priority of action to be undertaken by management. The following chart is intended to provide information with respect to the applicable definitions, color-coded depictions, and terms utilized as part of our risk ranking process:

Degree of Risk & 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 UT Southwestern 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 UT Southwestern either as a whole or to a significant college / school / unit level. As such, immediate action is required by management 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 UT Southwestern either as a whole or to a college / school / unit level. As such, action is needed by management 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 UT Southwestern 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. 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.