

Charge Capture & Reconciliation Audit Department of Physical Medicine & Rehabilitation Internal Audit Report 25-AS-0800

July 21, 2025



Executive Summary

Charge capture involves the documentation, charging, posting, and reconciliation of charges for services rendered and items provided to patients. As a core component of the revenue cycle, a structured charge capture process is vital to ensuring accurate documentation of all services prior to billing. This process enables healthcare systems to optimize revenue by capturing all billable services, reducing the risk of revenue leakage or missed opportunities that could impact the organization's financial health. Additionally, accurate charge capture supports regulatory compliance, minimizes billing errors, and contributes to the overall financial sustainability of the healthcare system.

This is a recurring engagement included in the annual audit plan. The Department of Physical Medicine and Rehabilitation was selected due to the diversity of clinics under its management, and the inherent complexity of scheduling and charge processes.

Engagement Results

The Office of Institutional Compliance & Audit Services (OICAS) conducted an audit of the charge capture and reconciliation processes within the Department of Physical Medicine & Rehabilitation, with a focus on provider-based billing. Data analytics testing revealed no exceptions in the following areas:

- Procedure and Evaluation & Management (E&M) charges for scheduled visits
- Drug and drug administration charges
- Correct charges for procedures with a global period for related services
- E&M charge with modifier 25 without a separate procedure charge
- Add on charges without a primary charge

Overall, the audit team recognized multiple strengths for processes including charge capture, charge reconciliation and monitoring. The department has developed comprehensive standard operating procedures to facilitate consistent and timely charge capture and reconciliation processes. The use of Epic work queues and reporting tools has streamlined the reconciliation process. This structured approach combining provider-entered charges, Epic automation, and conditional use of the facility charge calculator enhances billing accuracy, supports compliance with payer requirements, and ensures timely revenue recognition.

Additionally, a standardized communication and escalation process is in place to alert providers and leadership of missing charges, helping to recover potential lost revenue. A reporting framework is used to monitor gross charges and billed collections at the provider level, and the metrics allow for comparison against key performance indicators related to provider productivity and financial performance.

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

The courtesy and cooperation extended by the personnel in the Department of Physical Medicine & Rehabilitation and Revenue Cycle are appreciated.

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Office of Institutional Compliance & Audit Services
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Appendix A

Objectives, Scope, and Methodology:

The objectives of this engagement included the following:

- Evaluated the charge capture and charge reconciliation processes to assess adequacy of controls for charge timeliness, accuracy, and compliance with regulations, policies, and procedures.
- Performed Physical Medicine and Rehab Department charge capture data analytics and assessed internal controls.
- Tested whether charges were captured and billed for the Department of Physical Medicine and Rehabilitation services.

The scope focused on charge capture and reconciliation processes for the Department of Physical Medicine & Rehabilitation between September 1, 2024 through March 31, 2025 with a focus on provider-based billing.

The scope excluded assessment of coding accuracy, evaluation of medical necessity, and processes to maintain the Charge Description Master.

Our procedures included but were not limited to the following:

- Conducted internal control walkthroughs to understand policies, charge capture processes, and monitoring activities.
- Evaluated and assessed policies and procedures existed, are current and used by the department, and meet industry expectations.
- Examined and assessed charge and revenue reconciliation procedures.
- Selected a sample of accounts and tested for appropriateness of charges.

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

Executive Sponsor:

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Key Stakeholders:

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