

AUDIT REPORT

TO: Bruce Adams, M.D., Chair, Department of Emergency Medicine
FROM: Angela D'Anna, Chief Audit Executive, Internal Audit and Consulting Services
DATE: August 24, 2016
SUBJECT: Department of Emergency Medicine (16-C-22)



EXECUTIVE SUMMARY

Internal Audit and Consulting Services has reviewed the Department of Emergency Medicine within the School of Medicine at The University of Texas Health Science Center at San Antonio for the period September 1, 2014 through February 29, 2016. The purpose of this review was to evaluate the internal controls surrounding revenue cycle management at the Emergency Medicine Department.

We noted that over the last two years, new leadership in the department implemented enhancements to the revenue cycle resulting in efficiencies and better financial outcomes. An opportunity for improvement was noted regarding the process in place to categorize, assess, and communicate the results of the UT Medicine coding reviews to the Department of Emergency Medicine. Other opportunities for improvement were noted concerning denials and write-offs associated with patient registration at the Emergency Center of University Hospital and write-offs attributed to the providers. The audit issues were ranked according to the University of Texas System Administration issue ranking guidelines. This audit identified no issues considered priority to the institution. Please see the Appendix for the ranking definitions. Attached is the detailed audit report.

DETAILED AUDIT REPORT

Internal Audit and Consulting Services has reviewed the Department of Emergency Medicine within the School of Medicine at The University of Texas Health Science Center at San Antonio (Health Science Center).

PURPOSE AND SCOPE

The purpose of this review was to evaluate the internal controls surrounding revenue cycle management at the Emergency Medicine Department. The scope included the period of September 1, 2014 through February 29, 2016.

BACKGROUND

UT Medicine contracts with Bexar County Clinical Services to provide coverage by Department of Emergency Medicine physicians, mid-level providers and residents at the Emergency Center of University Hospital. University Hospital is home to a Level I Trauma Center and Level II Pediatric Trauma Center and is a designated regional emergency center for both stroke and heart attacks. The Emergency Center treats an average of 70,000 patients each year. For the period September 1, 2014 through February 29, 2016, the Department of Emergency Medicine generated approximately \$20.2 million in gross charges from professional services rendered at University Hospital.

Coding and Charge Entry Processes:

The three components of Evaluation and Management (E/M) services are history, physical examination, and medical decision-making. The Department of Emergency Medicine is responsible for assigning Current Procedural Terminology (CPT) codes, including modifiers, and International Classification of Diseases (ICD-10) diagnosis codes to the E/M services and procedures. Four medical record coders complete the CPT and ICD-10 assignments utilizing (1) the CMS 1995 Documentation Guidelines for E/M Services, (2) data abstracted from the University Hospital electronic health record system (SunRise) and (3) the 3M™ Encoder System. A billing clerk inputs the CPT and ICD-10 codes and modifiers for the encounters into the Epic Charge Entry module for billing to the payers by UT Medicine Patient Financial Services.

UT Medicine routes rejected and denied claims that are potentially billable back to the department. Medical record coders access these claims through two departmental Epic work queues and initiate research efforts to resolve the rejected or denied claims, and may query physicians to resolve any documentation issues identified.

Coding Compliance and Quality Improvement Processes:

The Office of Regulatory Affairs and Compliance (Compliance) performs retrospective coding compliance reviews based on the OIG Work Plan and utilization of the UT System Guiding Principles. The frequency of retrospective coding compliance reviews varies by coder from annually, semi-annually, or quarterly based solely on prior errors identified.

UT Medicine performs annual prospective quality reviews of unbilled claims. Based on the results of these reviews, corrections are made and submitted for processing and feedback is provided to the Emergency Medicine Lead Coder in an effort to improve performance.

The Department of Emergency Medicine has elected to employ a Lead Coder who maintains the primary responsibility to provide coding education to the Emergency Medicine coders and physician staff.

RESULTS

We noted that new management over the Emergency Medicine Department has instituted processes to significantly reduce billing lags over the last two years, as well as improve charge capture and increase collections. During our review, we noted an opportunity for improvement related to the processes in place to categorize, assess, and communicate the results of the UT Medicine coding reviews to the Department of Emergency Medicine.

Other opportunities for improvement were also noted related to denials and write-offs stemming from the collection of insurance information during patient registration by University Hospital staff, as well as controllable write-offs related to the providers from the Emergency Medicine Department.

It should be noted that during the course of our audit, an institutional task force was formed in January of 2016 to address the audit observations as they were being raised. The task force is led by the Associate Director for Finance and Administration from the Department of Emergency Medicine and includes leadership and staff from Patient Financial Services, Emergency Medicine and Compliance. The task force was charged with (1) developing coding training related to emergency medicine (2) agreeing on coding and training tools required to assess the quality of coding (3) reviewing and recommending the number of charts required to adequately and fairly determine the performance of the coders (4) reviewing and recommending the acceptable error rate for coders (5) developing feedback mechanisms and training as a result of reviews (6) comparing prospective and retrospective reviews to identify trends and provide feedback and (7) recommending the manner in which coding reviews are to be used in the performance evaluation of coders.

Attached are the audit recommendations, management action plans, responsible parties, and anticipated completion dates. These matters are offered for management's consideration in the spirit of continuously improving processes and reducing risks in the organization.

* * * * *

This audit was performed by Esther Villarreal, Intermediate Internal Auditor, with the assistance of other members of the Internal Audit and Consulting Services Department. The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* as promulgated by the Institute of Internal Auditors.

cc: Michael E. Black, Senior Executive Vice President and Chief Operating Officer
Louis Burton, Associate Director for Finance and Administration, Dept. of Emergency Medicine
Dale Flowers, Chief Administrative Officer, Healthcare
Francisco González-Scarano, M.D., Dean of the School of Medicine, VP for Medical Affairs
William L. Henrich, M.D., President
Edward Kennerdell, Director, Patient Financial Services, UT Medicine
Gabe Hernandez, Vice Dean for Finance, School of Medicine
Gail Madison-Brown, Chief Compliance Officer
Andrea Marks, Vice President and Chief Financial Officer
Albert Rios, Director for Billing and Coding Healthcare, UT Medicine
Carlos Rosende, M.D., Clinical Affairs and Executive Director, UT Medicine

Coding Monitoring Activities

Opportunity for Improvement:

Issue Ranking - High

During our review, we noted that the process in place to categorize, assess, and communicate the results of the UT Medicine coding reviews to the Department of Emergency Medicine were not always effective to facilitate concurrence, identify root causes of errors, and provide training, if needed, to the coders and providers. It should be noted that the Department of Emergency Medicine did not concur with all results from the reviews performed.

The University of Texas System *Guiding Principles for Abstracted/Coded Services*, which are based on federal regulations, requires institutions to develop monitoring programs to address perceived deficiencies, with increasing levels of oversight, education, and/or discipline for coders who do not meet the accuracy benchmark.

Recommendation:

The task force should continue to collaborate to address the issues identified. Furthermore, management should consider engaging an external coding expert specialized in emergency medicine to perform an independent audit of coding for professional services by the Department of Emergency Medicine.

Management's Action Plan:

Responsible Party(s): Toby Kennerdell

Estimated Completion Date(s): August 2016 – March 2017

In order to address the consistency in coder reviews and improve concurrence, the UT Medicine Coding department is making the following changes:

- The UT Medicine Coding Manager position has been redesigned into two positions. The current Manager will remain responsible for Production Coding. A new Manager of Coding Education is in the process of being hired. The Manager of Coding Education will be responsible for the Coding Education staff and ongoing coder reviews. *Estimated Completion Date:* September 2016.
- The UT Medicine Coding department is adopting the same coding audit tool (MD Audit) which is utilized by the Compliance department for performing coder reviews. Should the Compliance department switch to another tool, the UT Medicine Coding department is committed to moving to the same tool which the Compliance department is utilizing. *Estimated Completion Date:* September 2016.
- The UT Medicine Coding department will increase the number of claims reviewed in a coder prospective review from ten (10) to thirty (30) once sufficient coder education staff are hired. *Estimated Completion Date:* March 2017 (or sooner if appropriate staff identified and hired).
- The UT Medicine Coding department will increase the number of coder reviews from once annually to semi-annually. *Estimated Completion Date:* March 2017 (or sooner if appropriate staff identified and hired).
- The UT Medicine Coding department will maintain ongoing efforts to ensure there is open and regular communication between the Emergency Medicine department, Compliance and UT Medicine Coding. *Estimated Completion Date:* August 2016. Efforts already underway.

Denials and Write-Offs Related to Patient Registration

Opportunity for Improvement:

Issue Ranking - *Medium*

Patient registration is performed by University Hospital staff at the Emergency Center and this data is utilized by UT Medicine for coding and billing patient encounters. We noted the following during our review of claims denials and write-offs:

- **Claims Denials:** During September 1, 2014 through February 29, 2016, a total of \$1,687,285 (or 8% of *gross charges*) was denied for payment by the payers. Of this amount, \$941,542 (56%) represented claims denied due to registration issues, with the majority of denials attributed to eligibility. This represents approximately \$280,000 in net revenue.
- **Claims Write-offs:** During September 1, 2014 through February 29, 2016, claims totaling \$386,323 of *gross charges* were written-off as controllable write-offs for the department. Of this amount, \$58,440 (15%) represented claims written-off due to missed timely filing deadlines related to patient registration at University Hospital. This included time lost due to billing the wrong payers because the correct insurance information was not obtained. The balance of \$327,883 (85%) represented claims written-off due to other controllable reasons. A major component of these write-offs was attributed to the providers and is discussed in greater detail on the next page of this report.

The proper collection of insurance information at the time of registration is critical to reducing claims denials and write-offs.

Recommendation:

The Department of Emergency Medicine and UT Medicine should collaborate with University Hospital to help ensure patient insurance coverage information is collected accurately and completely. Furthermore, consideration should be given to creating a patient eligibility position housed within University Hospital that would assist in qualifying patients seen at the Emergency Center for medical coverage.

Management's Action Plan:

Responsible Party: Louis Burton

Estimated Completion Date(s): February 28, 2017

The Denial Trend Report consists of several categories that contribute to denials for payment with Eligibility constituting 48% of denials. To provide background, eligibility consists of patient demographics information and insurance and policy coverage. DEM relies completely upon patient registration data provided by University Hospital System (UHS) for submission of charges. DEM is taking the following management actions:

- Validate completeness and accuracy of UTHSCSA and UHS patient registration.
- Meet with UHS revenue cycle personnel to review their process and create task force to address. A meeting is planned this month between UHS Senior VP Chief Revenue Officer, UT Senior Director of Patient Financial Services and DEM Administrator.
- Persuade UHS personnel to complete eligibility requirements at initial patient registration in the ER.
- Ensure updates to patient information is communicated automatically by UHS to UT Medicine as patient information is changed.
- Explore the possibility of sharing patient scrubbing software data between UHS and UT which would result in cost savings and facilitate timely communication.

Denials and Write-Offs Related to Patient Registration (Cont'd)

Management's Action Plan: (Cont'd)

Controllable Write-offs consists of several factors with Provider and Timely Filing contributing to the majority of write-offs. DEM is taking the following management actions:

- Timely filing
 - DEM has reduced coding lag from a total of 70 days to now a six month average of 23.6 days, but this still exceeds the UT Medicine target of 5 days.
 - DEM has identified nonvalue added steps in the coding process resulting in a 30% efficiency improvement.
 - DEM will request a process review by UT revenue cycle personnel to compare against best practices.
 - DEM is checking to determine if coders can increase Sunrise access levels allowing them to send coding communications directly to faculty through this EMR. Currently, the process consists of sending communications through emails.

- Provider (Nondocs) – See page 7

Write-Offs Related to Providers

Opportunity for Improvement:

Issue Ranking - *Medium*

For the first six months of fiscal year 2016, the volume of write-offs related to providers totaled \$128,453 (or 2.67%) of *gross charges*, which exceeded the 2% target for FY 2016 and continues to exceed the new 1% target for FY2017. The major components of the write-offs were attributed to (1) missing physician attestations (2) missing faculty physician co-signature and attestation of no presence or participation and (3) other related faculty physician or resident physician documentation issues that did not meet the guidelines for billing. These write-offs resulted in lost revenues to the department.

Recommendation:

The Department of Emergency Medicine should analyze the causes of write-offs attributable to the providers and identify an approach for reducing them.

Management's Action Plan:

Responsible Party: Louis Burton

Estimated Completion Date(s): January 31, 2017

DEM is taking the following actions related to provider write-offs:

- Initiate coding and documentation training – DEM has developed a presentation that is slated to be presented to faculty and residents on August 31, 2016.
- Created a coding and documentation orientation guide. The guide has already been finalized and will be distributed during the August 31st training and as new faculty are on-boarded.
- Review new faculty documentation on quarterly reviews.
- Work with UT Revenue Cycle Management to provide a timely nondoc report. This was recently created and provides the opportunity for weekly reviews versus the previous monthly report. The report also provides medical record numbers that coincides with UHS registration data to increase efficiency.

Appendix – Issue Ranking Definitions

The audit issues were ranked according to the following University of Texas System Administration issue ranking guidelines:

- **Priority** – A Priority Finding is defined as 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 the Health Science Center or the UT System as a whole.
- **High** – A finding identified by internal audit that is considered to have a medium to high probability of adverse effects to the Health Science Center either as a whole or to a significant college/school/unit level.
- **Medium** – A finding identified by internal audit that is considered to have a low to medium probability of adverse effects to the Health Science Center either as a whole or to a college/school/unit level.
- **Low** – A finding identified by internal audit that is considered to have minimal probability of adverse effects to the Health Science Center either as a whole or to a college/school/unit level.