**CONFIDENTIAL**

CARDIAC CATHETERIZATION CHARGE CAPTURE

AUDIT REPORT #17-601201

Audit & Advisory Services

July 2018

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Background

In accordance with the UCLA Health Sciences audit plan for fiscal year 2016-17, Audit & Advisory Services (A&AS) conducted a review of the revenue cycle process for the Cardiac Catheterization Laboratories (Cath Labs). There are six labs located on the 2nd floor in Ronald Reagan UCLA Medical Center (RRUCLA), as well as a procedure room on the 7th floor in the Coronary Care Unit (CCU). There are two labs in the UCLA Medical Center, Santa Monica (SMUCLA), one of which is a dedicated room for Cath Lab cases and one that is shared with Interventional Radiology cases.

The labs are open seven days per week from 7 a.m. to 5 p.m., with weekend cases staffed on a call basis. The labs treat adult and pediatric cardiology cases, specializing in electrophysiology and structural heart procedures. Invasive and diagnostic procedures are performed in the labs, including ablation work, implantations, and extractions.

The Cath Labs at RRUCLA use the MacLab information system, in conjunction with CareConnect, to document and charge for supplies used. Cath Lab technicians record supplies used in real time into the MacLab information system, while nurses record supplies used into CareConnect. Cath Lab billing staff reconcile MacLab to CareConnect.

For Cath Lab cases completed on the 7th floor, CCU nurses record supplies used into CareConnect. Cath Lab staff post the charges, as revenue for the procedures is attributed to the Cath Lab. However, a reconciliation to the MacLab system cannot be completed because the CCU does not use the MacLab system. Supply costs are also attributable to the Cath Lab, and Cath Lab staff are responsible for maintaining the supply room.

The Cath Labs at SMUCLA use OptiFlex to document supply usage. Billers reconcile supplies documented in OptiFlex to supplies documented in CareConnect.

In addition to supply charges, technical fees are charged based on procedure time, with a base rate of $9,000 for the first hour and $500 for every 15 minutes thereafter.

For the fiscal year 2016-17 through March 31, 2017, gross revenue generated by the Cath Labs totaled $85,212,923 for RRUCLA and $11,989,520 for SMUCLA. For the calendar year 2016, through December 31, 2016, completed Cath Lab cases totaled 3,752 for RRUCLA and 854 for SMUCLA

Purpose and Scope

The purpose of the audit was to determine the adequacy and effectiveness of internal controls for Cath Lab charge capture at RRUCLA and SMUCLA.

The scope of the audit included interviews with Cath Lab personnel and audit tests within the following areas:

* Charge Accuracy
* Charge Description Master

The audit was performed in conformance with the *International Standards for the Professional Practice of Internal Auditing* and included such tests, observations, and interviews considered necessary to achieve the objective.

Summary Opinion

Based on the results of the work performed within the scope of the audit, the Cath Labs have implemented some good operational controls. However, some control lapses were identified, as summarized below.

*Charge Accuracy*

* Sample testing of 26 cases selected from the RRUCLA and SMUCLA Cath Labs indicated that documentation generally supported the charges billed for supply items. However, there were 11 individual cases in which some billing discrepancies were noted. In one case, a supply item recorded as having been used in the MacLab system had not been billed within CareConnect. There were also 11 cases in which items were billed in CareConnect, but were not recorded in the MacLab system as having been used. A total of 38 discrepancies were noted, of approximately 475 line items in the sample population.

* Cath Lab cases at RRUCLA are reviewed on a daily basis to ensure that supplies recorded in MacLab match the supplies recorded in CareConnect. However, usage of supplies in the CCU has not been reconciled because the CCU does not use the MacLab system. Testing of four CCU cases indicated that basic supply charges were posted, but further validation could not be performed.

*Charge Description Master*

* Adequate mechanisms are in place to ensure that billing codes are correctly mapped. No issues were noted.

The audit results and recommendations are detailed in the following section of the audit report.

Audit Results and Recommendations

| **#** | **FINDING** | **RECOMMENDATION** | **MANAGEMENT’S RESPONSE** |
| --- | --- | --- | --- |
| **CHARGE ACCURACY** | | | |
| A sample of 30 cases was selected from Cath Lab procedures performed during October through November 2016. Eighteen cases were selected from those performed in the Cath Labs at RRUCLA, and eight cases were selected for SMUCLA. In addition, four cases were selected from procedures performed in the CCU. Cases were reviewed for accuracy, to determine that supplies were correctly billed and that technical fees for lab hours were adequately supported.  Audit testing indicated that lab hours were accurately billed. Some supply charge discrepancies were identified, as described below. | | | |
| 1 | Billing Discrepancies:  For the 26 cases sampled from those performed in the Cath Labs, documentation generally supported the charges billed. However, there were 11 individual cases, all performed in the RRUCLA Cath Labs, in which some billing discrepancies were noted.   * For one of these cases, there was an instance in which a supply item was recorded as having been used in the MacLab system but was not billed within CareConnect. (Case # 12) * For 11 of these cases, there were 37 instances in which items were billed in CareConnect but were not recorded as having been used in the MacLab system. (Case #’s 2, 3, 6, 7, 8, 9, 10, 12, 14, 16, 22)   The 38 discrepancies should be viewed in the context of the approximately 475 line items within the 26 sampled cases. Details of the billing discrepancies will be provided to management separately. | Cath Lab management and billing staff should continue to regularly review supply items billed to ensure that charges are correct.  For the instances identified, management should coordinate with Patient Business Services (PBS) to ensure that the charges are corrected, as warranted. | Cath Lab management and billing staff continue to review supply items that are billed in order to ensure that charges are correct.  Cath Lab management has reviewed the 11 cases and worked with Patient Business Services (PBS) to ensure that the charges are corrected, as appropriate. |
| 2 | Reconciliation of Charges for Coronary Care Unit Cases:  Testing of four CCU cases indicated that basic supply charges were posted, but further validation could not be performed.  Cath Lab cases at RRUCLA are reviewed by Cath Lab billers on a daily basis to ensure that supplies recorded in MacLab match supplies recorded in CareConnect.  However, at the time of audit, usage of supplies in the CCU was not being reconciled because the CCU lab does not use the MacLab system. | To ensure that cases performed in the CCU are documented accurately, the cases should be reviewed to actual supplies used. The CCU has been reminded to enter supply items completely and correctly, and to retain all packaging materials for supply items used in Cath Lab cases.  Cath Lab staff should routinely retrieve the packaging materials from the CCU in order to validate charges processed, as the revenue accrues to the Cath Lab. | Cath Lab billers review the cases performed in the CCU procedure room, including the procedure documentation and any retained packaging materials. During the review, they validate and correct, as needed, the charges for the procedure. |
| **CHARGE DESCRIPTION MASTER** | | | |
| For the sample of thirty cases, billing codes for supplies billed were reconciled to an EMPAC formulary to ensure that EAP codes were correctly mapped. In addition, discussions were held with personnel to ensure that processes in place for the assignment of EAP codes for new supply items was timely.  Adequate mechanisms are in place to ensure that billing codes are correctly mapped. No issues were noted. | | | |

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