

**UNIVERSITY OF CALIFORNIA, SAN FRANCISCO
AUDIT AND ADVISORY SERVICES**

**UCSF Emergency Department Charge Capture Review
Project #20-049**

July 2020



University of California
San Francisco

Audit & Advisory Services

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SHEILA ANTRUM

Chief Operating Officer and Senior Vice President
UCSF Health

**SUBJECT: Emergency Services Department Charge Capture Review
Project #20-049**

As a planned internal audit for Fiscal Year 2020, Audit and Advisory Services (A&AS) conducted a review of the Emergency Services Charge Capture process. The purpose of this review was to assess the processes and controls for ensuring complete and effective charge capture in the Emergency Services Department.

Our services were performed in accordance with the applicable International Standards for the Professional Practice of Internal Auditing as prescribed by the Institute of Internal Auditors.

Our review was completed and the preliminary draft report was provided to the department management in June 2020. Management provided final responses to our observations in July 2020. The opportunities for improvement have been discussed and agreed upon with department management and it is management's responsibility to implement the corrective actions stated in the report. A&AS will periodically follow up to confirm that the agreed upon management corrective actions are completed within the dates specified in the final report.

This report is intended solely for the information and internal use of UCSF management and the Ethics, Compliance and Audit Board, and is not intended to be and should not be used by any other person or entity.

Sincerely,

Irene McGlynn
Chief Audit Officer
UCSF Audit & Advisory Services



EXECUTIVE SUMMARY

I. BACKGROUND

As a planned audit for Fiscal Year 2020, UCSF Audit and Advisory Services (A&AS) conducted a review of the charge capture processes at the University of California, San Francisco (UCSF) Medical Center Emergency Services department ('ED'), specifically at the UCSF Parnassus location. The UCSF Medical Center ED provides emergency care services for more than 40,000 patients on an annual basis.

Since 2018, third party vendor, Crowe, has provided assistance to UCSF with updating evaluation and management (E&M) criteria for the Emergency Services department, along with providing recommendations for updates to charge capture and billing processes and controls. Crowe continued to provide ongoing support and recommendations for updates to the controls and processes through June 2020 (as at the time of this audit).

As part of this internal audit, a review was performed of the procedures for charge capture and coding of hospital and physician services within the Apex system for UCSF's Emergency Services department. Apex is the Epic healthcare IT solution used to document patient charts and charges for UCSF provided services and was subject to an upgrade on November 1, 2019. This review also included assessment of a sample of Emergency Services patient encounters after the upgrade was implemented to determine effectiveness and compliance with E&M services captured and billed.

Charge capture processes include the documentation, posting, and reconciliation of charges for services rendered. Downstream charge capture activities include reconciling encounter claims data (both paid and billed claims) and identifying charge anomalies upon reconciliation to help determine inaccurate billing and missed revenue opportunities. Additionally, gaps in the charge capture process can result in denied payments, which may result in operational inefficiencies, (due to claims requiring rework and reconciliation of billing) and can delay timely billing and payment for services rendered.

II. AUDIT PURPOSE AND SCOPE

The purpose of this audit was to review the controls at UCSF's Emergency Services department to support its charge capture processes. The scope of the audit included evaluating the policies and procedures, and design, implementation, and operating effectiveness of in-scope internal controls, including:

- Assessing alignment of UCSF policies, procedures, and guidelines for Emergency Services department charge capture with leading practices and compliance with established policies and procedures.
- Reviewing a sample of Emergency Services encounters documented within Apex to determine the completeness, timeliness, and accuracy of charges.
- Reviewing prior audit support materials and assessing the effectiveness of implemented action plans that resulted from previous charge capture audits.
- Identifying opportunities for improvement within the charge capture process to strengthen internal controls and further mitigate risk.

The scope of the review covered transactions and activities for the period November 2019 through February 2020, for encounters at the UCSF Parnassus campus. In addition, it should be noted that partway through the audit a global outbreak of COVID-19 occurred, starting in January 2020 and causing a widespread impact on the Emergency Services department and its supporting staff. Fieldwork was completed in June 2020. Work performed was limited to the specific activities and procedures described above. As such, this report is not intended to, nor can it be relied upon to provide an assessment of compliance beyond those areas specifically reviewed.

For more detailed steps, please refer to Appendix A.

III. **SUMMARY**

Based on work performed, there are regular high-level discussions regarding ED charge trends and there is a forum for bringing up concerns or required changes. Additionally, tip sheets have been created to provide guidance to providers on specific charge capture areas, such as critical care documentation.

Opportunities for improvement were identified in the following areas:

1. Guidance related to charge capture processes, including formalized policies or procedures stating expectations, has not been fully documented for the health system.
2. No formalized review or policy for review exists for Emergency Services department charges, including Emergency Services E&M level assignments

Additionally, during the course of this review, potential opportunities for improvement were noted for enhancing processes for timely payment. The areas of potential improvement in the design of internal controls are further summarized in the "Observations and Management Corrective Actions ("MCA")" section that follows.

IV. OBSERVATIONS AND MANAGEMENT CORRECTIVE ACTIONS (MCAs)

No.	Observation	Risk/Effect	Recommendation	MCA
1	<p><i>Guidance related to charge capture processes, including formalized policies or procedures stating expectations, has not been fully documented for the health system.</i></p> <p>There is no written guidance supporting charge capture departmental processes that exist within the Emergency Services department, including expectations for timely billing.</p> <p>Review of a sample of 107 charges from 25 charges identified 61 charges were billed were greater than 5 days from discharge, 7 of which were billed greater than 30 days from the encounter date (ranging from 32-165 days from encounter).</p>	<p>Lack of guidance to properly perform assigned duties, presents the risk that procedures are performed in an inconsistent manner, inappropriately, or not performed at all.</p> <p>Untimely billing of charges may result in delayed reimbursement and an increase in accounts payable from service performed or encounter discharged.</p>	<p>Develop departmental policy & procedure document(s) regarding charge capture departmental reviews, to include the following items:</p> <ul style="list-style-type: none"> a) Roles & responsibilities in the charge capture process b) Establish and implement charge capture processes by department c) Work with Revenue Management to understand billing thresholds based on UCSF leadership guidance (or industry leading practice of charges being billed within 72 hours). d) On an ongoing monthly basis, review charges to identify exceptions greater than the determined threshold and investigate and record findings for management review and training purposes. e) Establish processes to review charge capture findings, perform escalation reviews, and develop education and training materials based on findings 	<p>Emergency Services Department management will consult with Revenue Management and develop written policy and procedures for charge capture processes to clarify:</p> <ul style="list-style-type: none"> • Roles and responsibilities • Expectations for timeliness • Monitoring activities, including frequency of reviews • Escalation and remediation processes <p>Target Completion Date: January 31, 2021</p> <p>Responsible Party: Director, Emergency Services Department</p>
2	<p><i>No formalized review or policy for review exists for Emergency Services department charges, including Emergency Services E&M level assignments.</i></p>	<p>Charges that are invalid and/or inaccurately recorded and billed</p>	<p>Management should</p> <ul style="list-style-type: none"> a) Review exceptions identified with Revenue Management and other relevant teams 	<p>Revenue Management has identified causes of the differences in billing for E&M levels</p>

No.	Observation	Risk/Effect	Recommendation	MCA
	<p>Guidance on performing charge capture queries in Apex is available for personnel to review charges within the Emergency Services department. Based on the evidence and documentation provided, we confirmed no regularly established charge monitoring processes exist. Additionally, through department interviews, we confirmed that stakeholders are not performing any account level detail review to determine charging and billing accuracies. While Emergency Services stakeholders are reviewing monthly departmental revenue monitoring reports, the department is not monitoring charges at the encounter level of detail. As of current, UCSF procedural charge capture documents or evidence of UCSF charge capture reviews performed do not exist. Management does not perform a daily, weekly, monthly, or quarterly review of E&M levels assigned to each Emergency Services encounter to ascertain appropriate leveling.</p> <p>Review of a sample of 25 encounters identified the following issues:</p> <ul style="list-style-type: none"> • Timeliness of Billing: For 61 of the 107 charges selected for testing, charges were billed greater than 5 days from discharge, 7 of which were billed greater than 30 days from the encounter date (ranging from 32-165 days from encounter). • E&M Levels: For 16 of 25 Emergency Services E&Ms reviewed, we identified gaps in the billed E&M procedure codes and associated supporting documentation of the patient encounter. As such, findings were discussed with UCSF stakeholders to confirm assigned levels and 7 E&M procedures previously billed were unsupported with the level billed. 	<p>may result in compliance issues and missed or over-billed charges. Gaps in charge capture processes can result in delayed or inaccurate payments, which may also result in operational inefficiencies due to re-work and reconciliation of billing.</p> <p>E&M leveling of charges may be incorrectly assigned, resulting in inaccurate billing with unsupported charges. Lack of support for assigned and billed charges can create billing scrutiny with payors and potentially open investigations to inappropriately billed charges.</p>	<p>and develop a remediation plan to address/correct as necessary.</p> <ul style="list-style-type: none"> b) Establish and implement charge monitoring procedures on a monthly basis, c) Document and formalize review processes as guidance for relevant personnel, including designation of roles and responsibilities. d) Develop charge capture monitoring reports and perform monthly charge capture reviews. e) Develop department procedures for reviewing both PB and HB charges with other billing/coding practices. f) Present findings to leadership on a monthly basis to identify education and training opportunities, as well as identify gaps in existing charge capture reporting processes. g) Annually review E&M leveling criteria with department stakeholders and adjust criteria as needed. 	<p>and updated the system accordingly. They are also working with the Clinical Enterprise Compliance Program to reach an agreement with external coders.</p> <p>Emergency Services Department will work with Revenue Management to identify the tools and reports available for charge monitoring and document the procedures for charge monitoring and review incorporating those tools.</p> <p>Target Completion Date: January 31, 2021</p> <p>Responsible Party: Director, Emergency Services Department</p>

V. **OPPORTUNITIES FOR IMPROVEMENTS**

No.	<u>Observation</u>	<u>Risk/Effect</u>	<u>Recommendation</u>
3	<p><u>Timeliness of Payments</u></p> <p>For 56 of 107 billed charges selected for testing, claims were paid greater than 14 days from services billed, thus reimbursement for those charges were not being paid in a timely manner. 6 of the 56 findings were paid greater than 30 days from the service date, 3 of which remained unpaid and in process greater than 90 days.</p>	<p>Billing and claim submission delays may inhibit a payor's ability to pay for charges billed, resulting in delayed payments.</p>	<p>Management should:</p> <ul style="list-style-type: none"> a) Establish policies and procedures defining payment thresholds based on UCSF leadership guidance or industry leading practice of payments expected within 14 days. b) On an ongoing monthly basis, review exceptions greater than the determined threshold, and investigate and record findings for management review and training purposes.

APPENDIX A

To conduct our review the following procedures were performed for the areas in scope:

- Reviewed available UC or UCSF policies and other documentation regarding charge capture processes including:
 - The UCSF Medical Late Charge Policy
 - Training documents and system update release notes provided by Apex, including:
 - PB Charging for Providers training document
 - Inpatient Charge Capture training document
 - How to View or Create ED Reports training document
 - Encounter Analysis Report training document
 - ED Apex 2019 Upgrade notes
 - ED Provider December 2019 Apex Update notes
 - ED Provider January 2020 Apex Update notes
 - DEM Documentation Education
 - Prior audit results, including
 - Testing performed by the Consultant, Crowe, following the system update in November 2019 (WB FCC Go-Live Reviews)
 - Hospital Charge Capture report performed by Internal Audit June 2013
 - The monthly reporting package provided by Crowe to UCSF, which includes high level performance updates
 - Charge Calculator coding profile
- Performed testing over the design, implementation, and operating effectiveness of in-scope internal controls, including:
 - Compliance with relevant UCSF policies, procedures and guidelines for Emergency Services department charge capture, as well as alignment with leading practices
 - Reviewed existing policies and procedures to identify gaps in formal documentation
 - Determining completeness, timeliness and accuracy of charges captured, entered into the relevant system(s) and billed, including performing sample-based testing on twenty-five (25) Emergency Services encounters to determine:
 - E&M charges are documented with the appropriate leveling criteria, by
 - Reviewing the current Emergency Services E&M leveling criteria, and
 - Independently assigning an E&M level and comparing against previously billed E&M level to determine accuracy of leveling
 - E&M charges agree to patient medical record and encounter documentation
 - Whether charges were billed within 72 hours of services performed of patient discharge
 - Whether charges were reimbursed within 14 days of billing
- Identified opportunities within the charge capture process to strengthen internal controls and further mitigate risks.