UNIVERSITY OF CALIFORNIA, SAN FRANCISCO
AUDIT AND ADVISORY SERVICES

LPPH&C-Physician Services Validation
Project #20-066

April 2020
April 30, 2020

MATTHEW STATE
Department Chair
President, Langley Porter Psychiatric Hospital and Clinics

SUBJECT: LPPH&C- Physician Services Validation

UCSF Audit and Advisory Services ("A&AS") conducted a review of LPPH&C-Physician Services Validation in Fiscal Year 2020. The purpose of this review was to validate the accuracy of the physician services Full Time Equivalent funded by the UCSF Health.

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 (the “IIA Standards”).

Our review was completed and the preliminary draft report was provided to department management in April 2020. Management provided their final comments and responses to our observations in April 2020. The observations and corrective actions have been discussed and agreed upon with department management and it is management’s responsibility to implement the corrective actions stated in the report. In accordance with the University of California audit policy, 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 and Advisory Services
EXECUTIVE SUMMARY

I. BACKGROUND

UCSF Audit & Advisory Services (A&AS) performed a review of the Department of Psychiatry’s (DoP) physician services effort allocations that is funded by UCSF Health.

Effective July 1, 2019 UCSF Langley Porter Psychiatric Hospital and Clinics (LPPH&C) and DoP entered into a Memorandum of Agreement (“MOU”) governing the services that the DoP will be providing. The DoP employs faculty and management and senior professional staff physician providers licensed to practice in the State of California to cover the following services: (1) coverage of the inpatient unit; (2) staffing of the Partial Hospitalization Program and the Intensive Outpatient Program; (3) outpatient care (both child and adult); (4) consult service to UCSF Health; (5) integrated Behavioral Health Care in Primary Care locations; and (6) medical direction for services and programs.

For FY20, approximately $11.8 million representing 44.5 FTEs have been budgeted for the DoP’s physician services that is funded by UCSF Health. The FY20 budget was based on FY19 actual effort for the clinicians. For the first quarter of 2020, the actual clinical effort provided by the DoP is approximately $2.7 million, which is around $278,000 under budget. The UCSF LPPH&C provides payment to the DoP for services rendered via a monthly journal transfer. Adjustments to the effort allocations are made as needed via a Clinical Effort Change Request Form and a reconciliation is performed quarterly.

Each month LPPH&C produces a Monthly Operating Report (MOR) that tracks the performance of all the clinical DoP providers’ productivity relative to the established wRVU targets. The established wRVU targets were based on benchmarks from external entities and these were adjusted for Child based on proportionate Medical Group Management Association benchmarks (MGMA). The benchmark for Psychologist was taken from UCSF Health as MGMA does not have benchmarks for Psychologists.

II. AUDIT PURPOSE AND SCOPE

The purpose of this review was to validate the accuracy of the physician services Full Time Equivalent (FTE) funded by UCSF Health. The scope of the review covered transactions and activities for the period of July 1, 2019 to December 31, 2019.

In conducting the review, the following procedures were performed:

(1) Assessed how the DoP derived the budget FTEs and effort allocations;
(2) Reviewed the productivity benchmark in the MOU and compared it to the productivity of the clinical DoP’s providers;
(3) Selected a sample of providers and validated that the FY20 budgeted efforts were based on FY19 actuals;
(4) Reviewed the Monthly Operating Report for October 2019, and compared the actual wRVU against the wRVU target;
(5) Analyzed accounting’s reconciliation of clinical FTE effort and validated that the balance is reflected correctly in the general ledger for Q1;
(6) Validated that any changes in the clinical effort percentage is performed timely and supported by appropriate reason and approved by senior leadership via a Psychiatry Clinical Effort Change Request Form; and
(7) Reviewed providers’ clinical schedules and compared against clinical services effort.

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. Fieldwork was completed in March 2020.

III. SUMMARY

Based on work performed, the DoP continues to refine its processes for ensuring that clinical FTE effort is accounted for appropriately and there is regular monitoring and reconciliation against the budget.

The specific observations from this review are listed below as well as in Section IV. Observations and Management Corrective Actions.

1. Clinical effort changes are not consistently identified, processed nor communicated timely.
2. Providers are treating Faculty Practice patients during clinic’s normal business hours.

Also during the course of the review opportunities for improvements were identified surrounding streamlining the budget monitoring and reconciliation process and modifications to the MOU to include true-up of the clinical FTE effort at year-end to reflect the actual wRVUs.
### IV. OBSERVATIONS AND MANAGEMENT CORRECTIVE ACTIONS

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| 1   | **Clinical effort changes are not consistently identified, processed nor communicated timely.** | Without a consistent process to verify that the FTE effort was set up correctly in the financial system, the DoP cannot ensure that the correct clinical effort is being charged. Untimely processing and communication of effort changes (increases and reductions) may result in inaccurate charging of effort for clinical services. | The DoP should develop procedures for verification of the accuracy of the clinical effort entries into the financial system. The DoP should educate faculty and Program Directors to reinforce timely communication of funding and activity changes that could potentially impact clinical services. | a) The DoP has taken steps to make sure clinical effort is correct. Verification of clinical effort will be part of the budget set up process. There should be a significant decrease in retros going into FY21.  

b) The DoP will have on-going meetings and communication with faculty and Program Directors to reinforce the importance of timely communication of funding and activity changes that could potentially impact clinical services. |   |

In the testing of nine changes in clinical efforts, the following was noted:

a) There were five retro-adjustments to clinical effort to correct various inputting errors; this was needed to clean up the prior period. Verification of the FTE effort entries into the financial system at the beginning of the fiscal year was not performed thereby requiring retroactive adjustments.

The DoP has created an effort change form to document changes to clinical effort. The form is routed to various LPPH&C and DoP management for notification and approval. In the five cases noted above, the change form was not utilized as these were correcting entry errors and clean-up from prior years.

b) Changes in effort for 2 faculty members as a result of new research activity was not communicated and processed timely. The faculty members had started work on the grant in July 2019 (0.15 FTE effort each). Communication from Program Director/Principal Investigator to the LPPH&C Executive Director of Clinical Operations was not received until December 2019 and the reduced effort changes will be posted in March 2020 (due to late award set-up) retroactively to July 2019.

Target Date: July 31, 2020

Responsible Party: Interim Associate Chair for Administration and Finance
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<td>2</td>
<td><strong>Providers are treating Faculty Practice patients during clinic’s normal business hours.</strong></td>
<td>Providers seeing Faculty Practice patients during LPPH&amp;C’s operating hours may not be meeting their commitments to UCSF Health and could result in UCSF Health’s patients not being seen expeditiously.</td>
<td>The DoP should update its Faculty Practice guidelines to clearly state the hours when providers can treat Faculty Practice patients. The updated guidelines should be communicated to all faculty/providers.</td>
<td>a) During February 2020, the DoP has communicated at a faculty meeting and at an executive leadership committee meeting the importance of providers not treating Faculty Practice patients during clinic business hours. Communications to all units is on-going and is likely to be completed by May 2020.</td>
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<td>b) DoP will update its Faculty Practice guidelines to clearly state the hours when providers can treat Faculty Practice patients and redistribute this to all clinical faculty members</td>
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# V. OPPORTUNITIES FOR IMPROVEMENTS

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<td><strong>The budget that was loaded into the Enterprise Performance Systems Inc. (EPSI, the UCSF Health’s budget tracking system) does not agree to the budget in the MOU.</strong>&lt;br&gt;&lt;br&gt;During the review of the reconciliation between the LPPH&amp;C’s budget versus actual for the clinical FTE effort, it was noted that the budget loaded in EPSI differs from the budget tracked by the DoP. The reason for this difference is due to the methodology used for deriving the budget. The budget loaded into EPSI was based on the “Run Rate”, i.e., the spend activity over a historical period while the DoP budget is at the provider level and based on FY19 actuals.&lt;br&gt;&lt;br&gt;The UCSF Health Accounting is using the DoP’s budget since it is the budget per the MOU, and so there is a variance that requires &quot;true-up&quot; each quarter to tie out to the budget in EPSI. The annual difference between the two budget systems is $381,767, i.e. DoP provider level is $381,767 greater than the budget in EPSI.</td>
<td>By not loading the signed off budget into EPSI, UCSF Health has an unapproved budget in its financial system. Additionally, having two budgets creates extra work for Accounting to reconcile at quarter end, and two different targets to work off from.</td>
<td>The process for effective budget monitoring and reconciliation could be streamlined/strengthened by loading into EPSI the budget that was agreed upon in the MOU.</td>
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<td><strong>The MOU between UCSF Health and the DoP does not require an adjustment to the clinical FTE effort when clinicians do not meet or exceed their wRVU target.</strong>&lt;br&gt;&lt;br&gt;The FTE effort allocation is translated to target wRVUs that are tracked for performance management, and reported in the Monthly Operating Report (MOR). During the review of the December 2019 MOR, it was noted that while the Adult outpatient clinics were meeting their wRVU targets, the Child outpatient clinics’ actual wRVUs was below target equivalent to 5.9 FTEs overall. Ten clinicians in child outpatient clinics had variances below their target wRVUs (wRVUs equivalent to 0.35 FTEs).</td>
<td>By not adjusting the clinical FTE efforts when wRVU targets not being met or when exceeded, UCSF Health may not be at FTE equivalent to 0.35 FTEs overall. Ten clinicians in child outpatient clinics had variances below their target wRVUs.</td>
<td>For the future, consider incorporating into the MOU the requirement to true-up the clinical FTE effort at year-end to reflect actual wRVUs.</td>
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<td>target wRVUs greater than 20%. Reasons for the variance may vary including ramp up of clinical services when a new provider is on-boarded or establishing a new service line.</td>
<td>getting the agreed upon services and/or DoP not being compensated appropriately.</td>
<td>According to DoP management this issue will be addressed when they transition to funds flow model in FY2022.</td>
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<td>While the MOU stipulates that each provider will have explicit schedules based on type of work and will have applicable wRVU targets it does not have any provisions for adjustments to FTE allocations when wRVUs are exceeded or not met.</td>
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