Background

As part of the fiscal year (FY) 2018 audit plan, AMAS reviewed the UC Davis Health Department of Radiology (Radiology).

Radiology encompasses 14 specialty areas and imaging modalities. It performs imaging and interventional procedures in support of research at UC Davis Health, and patient care for physicians throughout the Northern California region. Radiology faculty conduct research and clinical trials in topics and technologies related to medical imaging.

The Chair of Radiology is the head of the department. This position is supported by two administrative teams led by a School of Medicine Chief Administrative Officer, who manages matters pertaining to faculty, research, and education, and a hospital Chief Administrative Officer, who manages technical and business matters.

Radiology has a complex information systems environment. All images are created, transmitted, and stored electronically. In addition to the devices that create the images (e.g. MRI, CT, X-ray), most modalities employ a specialized image viewing system (e.g. for high-resolution or 3D), and specialized dictation software. At the completion of each exam, the image is sent to PACS, a dedicated Radiology image repository. All of these systems interface with Epic EMR, which is also used for scheduling, registration, technical, and professional workflows.

Purpose and Scope

The purpose of this audit was to evaluate processes related to the department’s revenue cycle. The time period under review was FY 2018, and our conclusions are informed by analysis of financial data for the five years prior.

In order to accomplish our objectives we performed a review of financial trends, examined current metrics on key performance indicators, conducted process walkthroughs, and interviewed personnel across the range of duties and at all levels.

At the Chair’s request, we payed special attention to processes related to revenue from research and clinical trials conducted by principal investigators in other UC Davis Health departments.
Conclusion

Prior to FY 2015, Radiology’s expenditures slightly exceeded current year sources, but the department has become profitable since then. By the end of FY 2017, the department had seen a 53% increase in current-year revenue but only a 19% increase in expenditures as compared to FY 2013. This resulted in an 18% increase in reserve account funds.¹

Radiology is performing well in respect to minimizing charge lag days and write-offs, and has a process for denial management that identifies and works the claims most likely to be paid after resubmission.

Our interviews and walkthroughs with departmental staff demonstrated that scheduling, registration, check-in, examination, and wrap-up processes are understood and followed as designed by management.

We observed that it is difficult to track income to Radiology from research bulk account and clinical trial sources. This information would help the department conduct more effective annual budget discussions with UC Davis Health, as it reflects workload that is reimbursed at less than clinical rates. In order to facilitate transparency, other departments have established unique object codes for tracking recharge and similar revenue in the financial system. Radiology could work with Financial Services to establish an object code that would simplify tracking of income from research bulk accounts and clinical trials.

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¹“Reserve account” refers to the S-4929105 account, which holds prior-years’ self-supporting profit and loss. The line depicted in the chart shows the average of the start-of-year and end-of-year reserve account balances.