March 6, 2018

MARY HACKIM
Director for Nursing
Women and Infants Services
7690

Subject: ***Women and Infants Services***
              Report 2018-16

The final report for *Women and Infants Services,* Report 2018-16, is attached. We would like to thank all members of the department for their cooperation and assistance during the review.

Because we were able to reach agreement regarding management action plans in response to the audit recommendations, a formal response to the report is not requested. The findings included in this report will be added to our follow-up system. We will contact you at the appropriate time to evaluate the status of the management action plans.

UC wide policy requires that all draft reports be destroyed after the final report is issued. We also request that draft reports not be photocopied or otherwise redistributed.

David Meier
Director
Audit & Management Advisory Services

Attachment

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UC San Diego

AUDIT & MANAGEMENT ADVISORY SERVICES

Women and Infants Services
Report No. 2018-16
March 2018

FINAL REPORT

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ATTACHMENT A – Audit Results by Business Functional Process

I. EXECUTIVE SUMMARY

Audit & Management Advisory Services (AMAS) has completed a review of Women and Infants Services as part of the approved audit plan for Fiscal Year 2017-18. The objective of our review was to evaluate whether Women and Infants Services internal controls were adequate to ensure that business processes were effectively managed, financial reports were accurate, and activities are compliant with relevant policies and procedures.

We concluded that the Women and Infants Services internal controls were generally adequate, and provided reasonable assurance that business processes were managed effectively and efficiently, financial reports were accurate, and activities complied with University policies and procedures. We observed that the Nursing management demonstrated an excellent working knowledge of their business and clinical operations, and ensured that appropriate controls were in place, despite the high volume of patients cared for in each unit.

We identified opportunities for improvement related to documentation in overtime authorization, timely evaluation of staff performance, equipment inventory management, charge capture review, and paper medical records management. In many areas, management had already initiated plans to address items noted in our review. Management Action Plans to address these findings are summarized briefly below:

> **A. Payroll Management – Documentation for Overtime Authorization Finding A Title**
> Management has previously identified this issue and has developed a robust plan to ensure consistency among WIS units on documentation of overtime authorization to ensure charges are accurate, authorized, and charged to appropriate cost centers. This plan includes coordinating with HSHR and Payroll to identify appropriate overtime authorization documentation to be maintained in department files.
>
> **B. Performance Reviews and Department Personnel File Management**
> Management has initiated a plan for ensuring timely monitoring and completion of performance evaluations and will coordinate with HSHR as needed.
>
> **C. Equipment Inventory Management**
> Management has initiated a plan for improving inventory management and will continue to coordinate with Finance and BES to ensure that equipment listed and assigned in each WIS units is present and appropriately accounted for, and that a timely inventory is annually performed.
>
> **D. Charge Entry Review Process**
> Management will coordinate with Revenue Cycle Decision Support, HIM Revenue Integrity and CDM Manager to review available reports in Epic to identify potential billing issues and trends, and ensure timely and accurate communication of items requiring action.

> **E.   Paper Medical Records Document Management**
>   1.   Management is participating in an HIM pilot project to select a scanning option that can be used consistently across all the units.
>   2.   Management will ensure that staff are aware of and consistently following HIM instructions for records that had been scanned, and ensure paper records are managed in accordance with applicable policy.

Management agreed to all corrective actions recommended to address risks identified in these areas. Observations and related management action plans are described in greater detail in section V. of this report.

II. BACKGROUND

Audit & Management Advisory Services (AMAS) has completed a review of Women and Infants Services as part of the approved audit plan for Fiscal Year 2017-18. This report summarizes the results of our review.

Women and Infants Services (WIS) is a service line within UC San Diego Health (UCSDH), which includes nursing care and specialty services for the hospital units at Jacobs Medical Center in La Jolla (JMC) and Hillcrest Medical Center (HC) including Labor and Delivery (L&D), Postpartum/Newborn Nursery (PP/NB), Neonatal Intensive Care Unit (NICU), and Infant Specialty Care. Providers from various UCSDH departments provide care to patients in the unit, including Reproductive Medicine, Pediatrics, and Women's Health. The inpatient hospital services include seven cost centers at JMC and two at HC locations. The following table provides a list of the WIS inpatient cost centers:

Table 1. Women and Infants Services Cost Centers

EPSi Department Description	Cost Center	Index
JMC 9 Antepartum	427608	MCH8608
JMC 10 Postpartum	427611	MCH8611
JMC9 Birth Center	427612	MCH8612
JMC 8 NICU	427638	MCH8638
High Risk Infant Follow Up	427668	MCH8668
Hillcrest NICU*	427699	MCH8699
HC LDRP*	427705	MCH8705
JMC9 Labor & Delivery	427710	MCH8710
JMC Neonatal Respiratory Therapy	427767	MCH8767

new cost centers for FY 2017-2018

WIS nursing care is regulated by The Joint Commission (TJC), California Department of Public Health (CDPH) Title 22 requirements, the Center for Medicare and Medicaid Services (CMS) Conditions of Participation, California Children's Services (CCS), and other regulatory agency requirements, and governed by Professional Nursing Practice Standards set forth by Association of Women's Health, Obstetric and Neonatal Nursing (AWOHNN), and the Board of Registered Nursing.

The Chief Clinical Officer (CCO) has oversight of the WIS hospital inpatient services. Nursing operations in WIS hospital units are managed by the Director of Nursing Services - Women and Infants, who reports to the CCO, and oversees more than 500 employees with administrative support from Nurse Managers. Nurse Managers are responsible for the clinical operations, including supplies, equipment, payroll and financial operations for their units. The Chief Administrative Officer (CAO) for Women and Infants, Psychiatry, and Ophthalmology Services, is responsible for executive oversight, financial performance, and strategic initiatives for the entire Women and Infant service line. The CAO also recently hired an Administrative Director for outpatient services. Nurses in outpatient settings have dual reporting to the Director of Nursing – Women and Infants Services for compliance and standards.

The L&D unit consists of eight rooms for labor, delivery, and recovery (LDR), six triage rooms, three labor, delivery, recovery and postpartum (LDRP) for the Birth Center, six perinatal beds for antepartum, three operating rooms, and a three-bed recovery room. The PP/NB unit at JMC consists of 32 licensed perinatal beds in private rooms for mother, babies and their families, and four-bed Nursery unit. The L&D, Birth Center and Antepartum units are located on the 9th Floor of JMC, while PP/NB are located on the 10th Floor. Under the Director of Women and Infant Services, the activities in these units are managed by a Nurse Manager 24 hours a day, with assistance from the Assistant Nurse Managers on shift responsibilities. In the L&D unit, the remainder of the staff consists of Registered Nurses (RNs), Surgical Technicians (ST), and Hospital Unit Support Services (HUSC). STs scrub during Caesarian section (C-Section) delivery, as well as set-up and stock the rooms for admission, while HUSCs receive incoming calls, man the front desk and have recently assumed the roles of greeting and screening visitors. The remainder of the PP/NB unit staff consists of RNs, Licensed Vocational Nurses (LVNs), HUSCs and Clinical Care Practitioners (CCPs) or Nurse Assistants.

The Neonatal Intensive Care Unit (NICU), located on the 8th floor of JMC, is a 52-bed unit. The NICU at JMC is a Regional Level III designation which by California Children's Services (CCS) standards support community and intermediate NICUs, including transport services. Patients served in the NICU most frequently are pre-term and high-risk infants. As with L&D, the Director for Women and Infants and the Nurse Manager for JMC NICU have 24-hour responsibility for the unit's activities, with assistance from Assistant Nurse Managers on shift responsibilities. The rest of the staff consists of RNs, Lactation Consultants (LTs) Diet Technicians (DTRs), and HUSCs.

The WIS Nurse Staffing Plan is dependent on various factors including individual needs of the patients served, patient acuity, census fluctuations. In some cases, the physical design[1] of the unit, and experience and skill mix of nurses on each unit on each shift, may influence staffing requirements. WIS staffing[2] is planned according to the Master Staffing Plan, Position Control, as well as the unit budget to provide for individual patient and family needs. The table below provides an overview of typical staffing plan for each 12-hour day and night shifts.

Table 2. WIS Staffing Plan for Day and Night Shifts

Nurse Staffing per 12-Hour Shift	Labor and Delivery	Postpartum	NICU
Direct Care RN* (variable)	11	9	24.5
Charge Nurse	1	1	1
Resource Nurse*	1	1	3.5
Triage Nurse	2		
Surgical Technician	2		

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[1] The physical design of a unit and patient volume influence staffing requirements. For example, a unit may be configured for single-room maternity care with labor-delivery-recovery-postpartum (LDRP) rooms, with labor-delivery-recovery (LDR) rooms and a separate mother-baby unit, or include a separate well-baby nursery, a special care nursery, or neonatal intensive care nursery, antepartum units, labor and birth units, and/or postpartum units. High-volume perinatal services may have separate units for each aspect of care for logistical and space reasons. The Guidelines for Professional Registered Nurse Staffing for Perinatal Units are based on the premise that mothers and babies should remain together as their conditions allow. *(Source: AWOHN)*

[2] *Source: UCSDH Nursing Scope of Service*

Nurse Staffing per 12-Hour Shift	Labor and Delivery	Postpartum	NICU
CCP		1	
Milk Technician			1
Lactation Consultant			.5 to 1
HUSC	2	1	2

Flexed with volume

As of FY ended June 30, 2017, WIS generated $174,418,512 in patient revenues. The table below summarizes the financial overview[3] for the period ending June 30, 2017 for all the units in WIS. The largest expense was for salaries and benefits, which accounted for 86% of the total expenditures.

Table 3. FY 2017 Summary of Financial Operations - WIS

Fiscal Year Ended June 30, 2017	Total	% of Expenditures
Salaries and Benefits	$48,649,849	86%
Medical Supplies	$2,628,932	5%
Equipment Facilities & Utilities	$340,347	1%
Other Expenses	$5,026,961	9%
Total Expenses	$56,646,089	100%

Medical supplies are ordered based on par levels established by Management in the Pro Click Medical Center ordering system. Medications maintained in the WIS units are stocked by the Pharmacy and stored in Pyxis automated dispensing machines.

III. AUDIT OBJECTIVE, SCOPE, AND PROCEDURES

The objective of our review was to evaluate whether Women and Infants Services internal controls were adequate to ensure that business processes were effectively managed, financial reports were accurate, and activities are compliant with relevant policies and procedures. Our audit focused on the inpatient nursing services that includes NICU, L&D, and PP/NB units. We performed the following audit procedures in order to achieve our objective:

- Reviewed and evaluated WIS business documentation and information including the UCSDH website, WIS organizational chart, available financial reports information, and prior audit reports, and reports from Regulatory Affairs office completed reviews and status of any corrective actions;
- Reviewed selected applicable requirements and University policies and procedures;
- Conducted interviews with Department management including the Directors and other key staff members:
  - Director for Nursing - WIS,
  - Administrative Director for WIS – Outpatient Services,
  - Nurse Managers for the NICU, and L&D/Postpartum/Birth Center units,
  - Selected Assistant Nurse Managers, and

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[3] Source: 110 – Summary Flexed Budgets vs Actual Report – June 30, 2017.

- o   Selected HUSCs;
- Consulted with personnel in various UCSDH departments including:
  - o   Biomedical Equipment Services (BES),
  - o   Health Information Management (HIM) CDM/Charge Capture
  - o   HIM Medical Records
  - o   HIM Revenue Integrity,
  - o   HIM Revenue Improvement,
  - o   UCSDH Regulatory Affairs Office,
  - o   UCSDH Compliance, and
  - o   Health Sciences Human Resources (HSHR);
- Performed site visits for tour of the units, and review of department files and personnel records;
- Reviewed WIS financial status for the Fiscal Year 2016-17 through May 31, 2017;
- Reviewed and evaluated staffing plan procedures, and a sample of staff assignment;
- Reviewed and evaluated a list of clinical staff for verification of professional licenses, certifications and other required competencies;
- Reviewed and evaluated available department files and HR reports for a judgmental sample of licensed professionals, required competencies, and staff performance appraisals;
- Reviewed and evaluated timekeeping processes, and analyzed payroll reports for a judgmental sample of employees, and reviewed available documents for overtime authorization;
- Evaluated a judgmental sample of high-cost equipment items charged to each cost center, verified that equipment is recorded in Campus Asset Management System (CAMS);
- Reviewed inventory control processes, reconciled the CAMS inventory report to the BES database and verified the inventory equipment from those lists were maintained, accounted for and physically present in the department;
- Evaluated a judgmental sample of patient billing records specific to newborn admissions;
- Reviewed available claim denial reports by level of care specific for newborn account classification;
- Evaluated a judgmental sample of transactions for expense categories with significant budget variance and/or risk for fraud; and
- Reviewed and evaluated the process for managing paper medical records and ensuring compliance with applicable MCP.

The scope of our review did not include detailed analysis of the Women and Infants services provided in outpatient clinics. Furthermore, the scope of this review focused on general business processes and did not include evaluation of compliance with federal and state regulations that are typically assessed by CDPH and/or TJC.

IV. CONCLUSION

Based on the procedures we performed, we concluded that the Women and Infants Services internal controls were generally adequate, and provided reasonable assurance that business processes were managed effectively and efficiently, financial reports were accurate, and activities complied with University policies and procedures. We observed that the Nursing management demonstrated an

excellent working knowledge of their business and clinical operations, and ensured that appropriate controls were in place, despite the high volume of patients cared for in each unit.

We identified opportunities for improvement related to documentation in overtime authorization, timely evaluation of staff performance, equipment inventory management, charge capture review, and paper medical records management. In many areas, management had already initiated plans to address items noted in our review.

A summary of results by business process is provided as **Attachment A**. Specific management actions planned or in process for those areas that were rated "Satisfactory" or "Improvement Suggested" are noted in **Attachment A**. Those areas which were stated "Improvement Needed" are described in the remainder of this report.

V. OBSERVATIONS REQUIRING MANAGEMENT ACTION

A.	Payroll Management – Documentation for Overtime Authorization
Documentation for overtime authorization maintained in each WIS unit was not consistent to fully document the authorization for overtime worked.	
Risk Statement/Effect	
Poor controls for payroll and overtime may result in inaccurate payroll charges and budget variances.	
Management Action Plan	
A.1	Management has previously identified this issue and has developed a robust plan to ensure consistency among WIS units on documentation of overtime authorization to ensure charges are accurate, authorized, and charged to appropriate cost centers. This plan includes coordinating with HSHR and Payroll to identify appropriate overtime authorization documentation to be maintained in department files.

A. Payroll Management – Documentation for Overtime Authorization – Detailed Discussion

University policy (Medical Center Policy (MCP) 783.1 *Overtime/OnCall/Holiday Timekeeping)* requires that when possible, overtime should be pre-approved by the department Manager. Salaries and benefits expense accounted for 86% of the total expenditures in WIS. The table below summarizes the salaries and benefits cost for Fiscal Year 2016-2017 in each of the WIS cost centers. As of the end of June 30, 2017, WIS reported and paid 24,791 overtime hours, which resulted in a 28% negative budget variance.

Table 4. Actual Salaries and Benefits - June 30, 2017

Cost Center	Salaries and Benefits
608 JMC 9 Antepartum	$609,898
611 JMC 10 Postpartum	$9,561,033
612 JMC9 Birth Center	$690,197
638 JMC 8 NICU	$21,774,377
668 High Risk Infant Follow Up	$206,827
705 HC LDRP	$2,163,034
710 JMC9 Labor & Delivery	$10,974,488
767 JMC Neonatal Respiratory Therapy	$2,698,780
Total	$48,649,849

Based on the significance of payroll expenses and overtime hours, we reviewed the overtime authorization process in WIS units. The process begins when the need for additional staffing is noted on a shift, when the Charge Nurse determined additional staffing requirements based on the staff assignment schedule. The Charge Nurse would request RNs on duty to work overtime, or the Charge Nurse would send out a text page to RNs on-call. On-call RNs are based on availability and it is not mandatory that they report. The call duty is compensated at the premium rate or 1.5x, which requires approval from the Assistant Nurse Manager. In all those cases, the Assistant Nurse Manager will review the skills of RNs on duty and may shuffle assignments based on the RN's competencies to staff the unit that needs specific RN skill. When there were no available RNs with the required skill set for the premium rate, the Nurse Managers would request approval from the Director to pay the double-time rate. The Director and RN Managers reviewed the current staffing situation, and sent out a text page to all RNs. We noted that this could increase risks that RNs may wait for double-time pay incentive prior to responding to call, which could drive overtime costs higher.

The Director approved all double-time pay, and notified the CCO via email and/or text page. Timekeepers and Assistant Nurse Managers verified accuracy of overtime reported and calculated in the Automated Time System (ATS) when approving reported time by referring to the schedule, staff assignment, text page, and other available documentation such as the missed meal break form and Actual Overtime Review form.

We reviewed 21 judgmentally selected employees and validated overtime calculations charged during months with significant overtime hours. We also reviewed available documentation for overtime authorization, and noted that documentation of overtime authorization, and staffing plan on assignment sheet was not always consistent. The Actual Overtime Review form was sometimes used. In some cases, overtime hours were also noted in assignment sheet for one of the WIS units. Another unit annotated overtime on a separate employee list for each payroll period. Missed meal breaks also count as overtime documented on missed meal break form, however, this was not consistently performed. Documentation of approval of overtime was not always retained.

During interviews, managers and supervisors attested to the accuracy of overtime paid each payroll period, and acknowledged the challenges in monitoring paper forms for documentation purposes as patient care takes priority in their roles.

Management is aware of the significant overtime charges during the months leading up to the relocation to JMC in Nov. 2016. WIS management recently implemented initiatives for improving and managing overtime pay, including process improvement in staffing efficiency, management of incremental overtime, and optimization of staff meetings. Management also performs periodic review of overtime variance and provide justification for overages and incremental overtime hours paid. The opening of the NICU in HC as an intermediate facility is also expected to contribute to those process improvements. The Director expects the fiscal year 2017-2018 reports to show significant improvement in overtime charges. WIS management could further improve management of overtime pay and compliance with policy requirements by ensuring adequate documentation for overtime authorizations.

B.	Performance Reviews
Employee performance evaluations were not completed on an annual basis, as required by policy.	
Risk Statement/Effect	
Lack of timeliness and consistency in managing required processes may result in non-compliance with University policies.	
Management Action Plan	
B.1	Management has initiated a plan for ensuring timely monitoring and completion of performance evaluations, and will coordinate with HSHR as needed.

B. Performance Reviews – Detailed Discussion

University Policy (UC Personnel Policies for Staff Members (PPSM) 23 *Performance Management)* states that "The performance of each employee shall be appraised annually in writing by the employee's immediate supervisor, or more frequently, in accordance with local procedures." The appraisals serve to foster communication between supervisors and employees and to establish agreed upon performance expectations, while promoting a correlation between pay and performance. Timely and current performance evaluations will ensure that appropriate consideration of employee performance is given to future merit increases.

During our review we evaluated a sample of WIS employees to review for status of performance evaluations (PE) and completion of required documentation. We requested and reviewed available Lawson Compliance Report results from HSHR[4], and noted that of the 57 employees were due for performance evaluation, only 25% were in compliance, 9% were completed late and marked as not in compliance, and the rest were past due and have not been completed.

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[4] Due to reporting difficulties and system transition in HSHR, only 145 employees or 26% of total employees paid in WIS appeared on the report. The report did not yield results for two other cost centers: JMC9 Antepartum 608, and HC LDRP 705.

It appeared that the delay in completing performance evaluations for some of the employees we reviewed could be attributed to issues related to Human Resources' migration from the Lawson Performance System to Service Now for tracking of performance evaluation dates. This migration resulted in issues with Supervisor roles and syncing of due dates for performance evaluations, which resulted in confusion regarding the correct due date. We noted that HSHR is still addressing these issues.

WIS management could improve timeliness in completing performance evaluations, and maintaining all department specific training and competencies required to be monitored and maintained in department personnel files are complete and current in accordance with policy and regulatory requirements. Management should coordinate with Regulatory Affairs to ensure department meets document requirements.

C.	Equipment Inventory Management
Annual equipment inventory and reconciliation was not performed timely, and inventory records for sampled items were inaccurate.	
Risk Statement/Effect	
Poor controls for managing equipment inventory could result in inaccurate financial information, and could place the University at risk for non-compliance with applicable regulatory requirements.	
Management Action Plan	
C.1	Management has initiated a plan for improving inventory management and will continue to coordinate with Finance and BES to ensure that equipment listed and assigned in each WIS units is present and appropriately accounted for, and that a timely inventory is annually performed.

C. Equipment Inventory Management – Detailed Discussion

University policy (MCP 428.3 *Equipment Control)* states that departments are responsible for all inventorial equipment assigned to their custody, that an equipment custodian should be assigned, and that annual inventory should be performed. WIS units are also required to report with CCS the types of key equipment and supplies used in each unit per California Department of Public Health, Title 22.

We noted that Nurse Managers act as the assigned equipment custodian, but relied on BES for managing equipment inventory, and prompting inventory procedures such as the annual inventory. However, an annual inventory had not been performed timely. Interviews with WIS and BES personnel indicated that there have been challenges in inventory management in particular due to the relocation of WIS services to JMC, and the change in the BES equipment database. Nurse Managers have not received a requested inventory listing, there were instances when equipment was erroneously delivered and charged inaccurately to their units.

We reviewed inventory records for a sample of items and noted that new custody codes had not been set up for WIS units at JMC, and that CAMS information had not been fully reconciled with the BES

database and actual equipment locations. We noted this issue in 18 of the 21 selected sample inventorial equipment we reviewed. The table below summarizes some of the issues noted for the 21 items reviewed:

Table 5. Equipment Inventory

Issues Noted	Number of Exceptions
Inconsistent/incomplete CAMS record	12
Actual location did not match CAMS records	5
Not found at the Biomed recorded location	4
Facility did not match CAMS recorded location	3

Nurse managers were aware of the issues and had been working with BES to sort out equipment inventory records however records have not been fully updated. WIS management should develop a plan and coordinate with Finance and BES to reconcile inventory records in CAMS and BES database, to ensure that equipment listed and assigned in each WIS units is present and appropriately accounted for, and that a timely inventory is annually performed.

D.	Charge Entry Review Process
Data entered in Epic for charge processing and reporting was not always reviewed for accuracy and completeness.	
Risk Statement/Effect	
Inaccurate and incomplete charge entry may result in lost or inaccurate charges, claim denials, and loss of revenue.	
Management Action Plan	
D.1	Management will coordinate with Revenue Cycle Decision Support, HIM Revenue Integrity and CDM Manager to review available reports in Epic to identify potential billing issues and trends, and ensure timely and accurate communication of items requiring action.

D. Charge Entry Review Process – Detailed Discussion

University policy (MCP Policy, 724.1 – *Charge Entry*), requires timely and accurate charge processing in order to ensure appropriate reimbursement and to associate accurate costs with services rendered. The policy also states that: "It is the responsibility of the department manager to ensure timeliness and accuracy; that documentation supports charges, charge entry, error correction, and charge reconciliation procedures are implemented and followed, and ensure employees are trained in procedures and systems." The policy further states that the department managers are responsible for reviewing available billing and revenue reports to ensure that charges are accurately posted and recorded.

During interviews, we noted lack of reporting and communication in this area. The process for capturing charges begins with nurses documenting the details of patient accommodation[5] and encounters. In NICU and PP/NB units, the HUSCs are responsible for entering the charges in Epic by midnight, using information completed by the RNs on a paper form. The paper form is a log of all patients admitted in each unit during the day. The form is initiated by the HUSCs, and filed in the RN packet. The charge RN notifies the HUSCs when this is complete. The admissions and patient encounters entered in Epic initiate a charge. However, the information entered by HUSCs were not reviewed by RNs to ensure the charge entry was complete and accurate.

In L&D, RNs are responsible for entering charges in Epic, and HUSCs complete this task if not completed or performed by the RNs. HUSCs also rely on the log form completed by RNs that indicate patient admissions, triage, and transfers. There was no secondary review or reports received to ensure that all charges were entered. One HUSC we interviewed expressed a lack of clarity and guidance for HUSCs who perform this task, which could result in incomplete or missing charges.

We reviewed a sample of patient billing records for nine newborn admissions (seven of which were admitted in NICU), and noted the following:
- 2 indicated billing issue related to medical necessity, e.g. level of care and/or non-covered service
- 5 indicated a Level 3 discharge from NICU, a concern raised by CDM Charge Capture Manager in HIM.

We also noted gaps in RN encounter for 6 of the newborns admitted in NICU, based on data captured in Epic, while RNs are assigned 24 hours daily to each newborn admitted and cared for in the NICU. During interviews with RN managers, we noted that they are not aware of available reports that can help them identify and help with resolving issues that may affect billing and collection.

We also reviewed a sample of eight newborn hospital accounts with claim denials based on level of care, all of which were denied based on unsupported medical necessity for the NICU level of care. While two were resolved during the re-appeal process, six were paid at lower level. The RN manager indicated that episodes of nursing care is provided and charted by RNs based on the level of care each patient needs, and physician orders. And that RNs document their assessment using specific criteria based on California Children's Services (CCS) program standards. It is possible that the NICU level of care criteria may not agree with payer criteria. However, WIS management did not have visibility into issues which may be impacting denials, and were unable to address patterns of payment at the lower level of care. Management expressed that as WIS nursing units strive to keep infants coupled with their mothers for better care and outcome, WIS nursing units also perform services that are not billable, such as when NICU babies are kept at postpartum.

Data accuracy and completeness during the charge capture process contribute to claim denials and underpayment. Revenue cycle relies on available documentation in Epic, and system edits to capture missing and incomplete entries during the charge capture process. The Revenue Integrity team reviews and perform necessary steps to identify and resolve billing issues and re-appeal claim denials,

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[5] An accommodation code is used to indicate in which hospital unit the patient was admitted or transferred.

with little or no interaction with clinical staff as necessary. Periodic monitoring and communication with HIM and Revenue Cycle help improve financial review process to address issues related to charge capture, and improve revenue collection and decrease issues related to claim denials. For compliance purposes, the WIS could also benefit from use of available tools and reports to identify and address potential billing issues and trends, and decrease cases of denials based on level of care or medical necessity.

E.	Paper Medical Records Document Management
WIS units were not consistent in managing paper medical records scanned at point-of-care and retained in patient charts.	
Risk Statement/Effect	
Inconsistency in managing paper medical records could result in non-compliance with policy.	
Management Action Plans	
E.1	Management is participating in an HIM pilot project to select a scanning option that can be used consistently across all the units.
E.2	Management will ensure that staff are aware of and consistently following HIM instructions for records that had been scanned, and ensure paper records are managed in accordance with applicable policy.

E. Paper Medical Records Document Management – Detailed Discussion

University policy (MCP 325.2 *Legal Medical Records*) states that "When in paper form, the original medical record documentation must be sent to Health Information Management (HIM) for scanning into the electronic medical record. The paper chart shall contain, whenever possible, original reports." HIM provides four medical record scanning options:

1. Courier to Medical Records – all records are picked up at designated locations and times Monday through Friday;
2. Point of Care Scanning – records for one or many patients can be placed on the multifunctional device feeder, ad hoc, and scanned to Medical Records for indexing;
3. Media Manager – One record at a time is scanned to a patient chart at the point of care by admin or clinical staff;
4. Unity Back Office Scanning – batch scanning of records for multiple patients can be done in one sitting with the OnBase Unity application

For the Courier to Medical Records option, scanned records are retained in HIM for ten days post indexing and then shredded. For the next three options, HIM requires scanned records to be shredded or retained with chart until discharge, then shredded. The medical records scanned using those three options need not to be sent to HIM, however, HIM requires marking the documents as scanned for clarity at point of care.

In WIS, specific paper medical records, such as consent forms, are scanned at point of care, and then retained with the rest of the documents in the patient chart. Those documents are picked up Mondays through Fridays by courier for batch scanning and/or indexing at HIM Medical Records. The documents scanned at WIS were stamped or marked as scanned using handwritten post-it notes. We noted that in Labor & Delivery unit, scanned records were not consistently marked. As a result, HIM noted that duplicate records were scanned into Epic with different file names.

This appears to be a challenge within the inpatient nursing services setting, as HIM recently initiated a pilot project with several nursing units on the 3rd and 4th floors at JMC, and extended the pilot to 9th floor for L&D. During the pilot, HIM instructed HUSCs to shred the documents if already scanned to avoid duplication when HIM performs batch scan and indexing. However, some staff did not feel comfortable shredding paper medical records and indicated they did not always do so.

Increased coordination with HIM could improve the consistency of medical record and reduce redundancies in current records and processes.

Business Process	AMAS Audit Review Procedure				Risk & Controls Balance Reasonable (Yes or No)	Audit Conclusion[1]	Comments
	Analytical Review of Financial Data	Internal Control Questionnaire/ Separation of Duties Matrix	Process Walk-through (Ltd Document Review)	Transaction Testing (Sample Basis)			
Staff and/or Patient Safety Management	n/a	√	√	Reviewed department policies and procedures and discussed safety incident records.	Yes	Satisfactory	Environment Of Care, Infection Control and Regulatory Affairs perform routine reviews and follow-up on corrective actions, which may be completed at the time of review.
Timekeeping & Payroll	√	√	√	Discussed process with management. Reviewed monthly payroll expense reports, validated overtime payment calculations, and evaluated documentation for 21 judgmentally selected sample of overtime payments.	No	Improvement Needed	Management reviews weekly FTE and overtime payment reports, approves timekeeping reports and overtime requests. We noted inconsistencies in documentation for overtime authorization. **(Audit Report Finding A)**
Employee Performance Evaluations/ Personnel Documents	n/a	√	√	Discussed monitoring process for mandatory licensure and required training competencies, employee evaluation with WIS management and HSHR. Reviewed and evaluated Lawson Compliance reports, reviewed ten judgmentally selected department personnel files.	No	Improvement Needed	Performance evaluations were not performed timely for all WIS staff. **(Audit Report Finding B)**

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[1] Scale: Satisfactory – Improvement Suggested – Improvement Needed - Unsatisfactory

Business Process	AMAS Audit Review Procedure				Risk & Controls Balance Reasonable (Yes or No)	Audit Conclusion[1]	Comments
	Analytical Review of Financial Data	Internal Control Questionnaire/ Separation of Duties Matrix	Process Walk-through (Ltd Document Review)	Transaction Testing (Sample Basis)			
Equipment Management	√	√	√	Reviewed inventory equipment listing in CAMS and the BES database; reviewed for purchases, transfers, and deletes. Reviewed and evaluated records and physical location for 21 judgmentally selected sample of inventorial equipment.	No	Improvement Needed	Management relied on BES for managing equipment inventory. BES periodically review inventory based on risk level of equipment, however, a complete annual inventory review was not completed. CAMS information had not been fully reconciled with BES database and actual equipment locations. We noted this issue in 18 of 21 samples reviewed. **(Audit Report Finding C)**
Charge Capture Review/ Revenue Management	√	√	√	Discussed charge entry process and validated patient revenues were posted in appropriate cost centers. Evaluated a judgmental sample of patient billing records and claim denials based on level of care. We noted billing issues related to level of care and non-covered service.	No	Improvement Needed	Patient charges are captured daily by the medical records, nurse notes and other documentation entered by HUSCs and RNs, however, we noted that data entered for charge processing and reporting was not always reviewed for accuracy and completeness. Periodic monitoring and communication with HIM and Revenue Cycle help improve financial review process to address issues related to charge capture. **(Audit Report Finding D)**
Medication Management	n/a	√	n/a	Discussed with Infusion Services and Pharmacy management and reviewed the process flow.	Yes	Satisfactory	RNs perform inventory count weekly; Medication supplies in Pyxis were managed by Pharmacy services. WIS medication internal controls appeared effective.

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	Analytical Review of Financial Data	Internal Control Questionnaire/ Separation of Duties Matrix	Process Walk-through (Ltd Document Review)	Transaction Testing (Sample Basis)			
Charge Description Master (CDM) Maintenance	n/a	√	n/a	Discussed CDM maintenance process with management.	Yes	Satisfactory/ Improvement Suggested	We confirmed with Management that CDM is reviewed with HIM CDM/Charge Capture Manager, however, the CDM was not reviewed annually. We noted that CDM Manager periodically performs global review and communicates with management when there are new services added. For inpatient, the services do not change frequently.
Patient Scheduling	n/a	√	√	Interviewed Nurse Managers and discussed patient scheduling process.	Yes	Satisfactory	HUSCs assist with scheduling in Epic Optime through Central Scheduling for procedures. Scheduling issues are discussed with Medical Director.
Supply Inventory Management	n/a	√	√	Reviewed internal controls and processes for supply inventory management and established PAR levels.	Yes	Satisfactory	Supplies are generally low value items, orders were made daily Monday through Friday. Storekeeper routinely meets with Nurse Managers to discuss or address any issues noted during daily inventory review. WIS supplies inventory management controls appeared effective.
Medical Record Management	n/a	√	√	Discussed medical record creation, transfer and storage processes with WIS and HIM.	No	Improvement Needed	Medical records are maintained in paper and electronic within Epic. WIS units scan specific paper medical records at point of care, and retain original in patient charts which are sent to HIM by courier for

Business Process	AMAS Audit Review Procedure				Risk & Controls Balance Reasonable (Yes or No)	Audit Conclusion[1]	Comments
	Analytical Review of Financial Data	Internal Control Questionnaire/ Separation of Duties Matrix	Process Walk-through (Ltd Document Review)	Transaction Testing (Sample Basis)			
							batch scanning and indexing. We noted inconsistencies in handling paper medical records within WIS units. **(Audit Report Finding E)**
Clinical Research Activity	n/a	√	√	Discussed process with RN Research Coordinator, reviewed utilization report and reviewed processes for activities billed to research studies	Yes	Satisfactory	RN Research Coordinator meets with patients to obtain consent, and collect samples, most activities related to research included as part of standard of care, therefore billed to patient/insurance coverage., two research projects are managed through Velos, and billed to the research study.
Transaction Processing - Non-Payroll Expenditures	√	√	√	Reviewed and discussed the WIS separation of duties matrix with the manager. Randomly selected transactions; traced to supporting documents.	Yes	Satisfactory	Separation of duties and transactions reviewed appeared reasonable and appropriate.
Travel	√	√	√	Discussed travel process with management and separation of duties matrix.	Yes	Satisfactory	Director reviews staff travel events and processed through Finance Office. Travel costs were insignificant.
Information Systems Environment	n/a	√	√	Interviewed Nurse Managers and discussed system access management and backup processes.	Yes	Satisfactory	Nurse Manager works with UCSDH IT to ensure applications/software used in WIS are maintained regularly for required updates.