

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

**Professional Services Agreements Review
Project #20-032**

JULY 2020



University of California
San Francisco

Audit & Advisory Services

UCSF Box 0818
1855 Folsom Street
San Francisco, CA 94143

tel: 415.476.3851
fax: 415.476.3326

www.ucsf.edu

July 20, 2020

SHELBY DECOSTA
President, UCSF Health Affiliations
Network & Chief Strategy Officer

LARISA KURE
Associate Dean
School of Dentistry

MICHAEL NORDBERG
Associate Dean
School of Pharmacy

DAVID REIN
Associate Dean
School of Nursing

AMAL SMITH
Associate Dean
School of Medicine

WINONA WARD
Assistant Vice Chancellor
Office of Sponsored Research

SUBJECT: Professional Service Agreements

UCSF Audit and Advisory Services (“A&AS”) conducted a review of Professional Services Agreements for provider services. The purpose of this review was to assess the effectiveness of processes and controls over the contracting for providers’ services and payments.

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 March 2020 and management provided final comments and responses in July 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. 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 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 to evaluate the effectiveness of the internal controls and processes over the contracting of professional services for clinical care.

There are many different kinds of professional services that include exchange of resources, both staff and faculty time as well as financial support. Professional services agreements (PSA) are typically contracts with clinical providers to provide certain services such as clinical services for patient care, on-call, program advisory, administrative support, committee work, and/or facility and equipment lease. In order to comply with legal and regulatory requirements¹, it is recommended that all provider compensation arrangements be commercially reasonable, consistent with fair market value (FMV), and reflect payment for bona fide services that have been provided.

A PSA is initiated when a UCSF provider intends to provide clinical patient care services or medical directorship to an outside hospital/healthcare clinic for a purpose that fits *within the direct context of the UCSF mission*, but does not involve research. Following an internal discussion and approval by the Department Chair, all PSAs are currently routed to the School of Medicine Vice Dean, Affiliations & International Relations (SOM Vice Dean) for review and approval to ensure that the PSA is the appropriate type of agreement for the activities to be performed, that there is alignment with the Health Science Compensation plan, and to ensure consistency across the institution.

Once approved by the SOM Vice Dean, the approved PSA request is forwarded to the Office of Sponsored Research, Government and Business Contracts Unit (GBC) through the PSA/Affiliation Application of the Centralized Agreement, Contract Tracking and Approval System (CACTAS) in Salesforce. The application provides a record of the PSA request, negotiation, and execution. This process ensures that the documents are appropriately recorded and retained. GBC drafts (or reviews) the PSA, negotiates, and finalizes the PSA agreement for signature by SOM Vice Dean for all PSAs except School of Nursing (SON) agreements which are signed by the Associate Dean of Administration and Finance. Extension of PSAs are done through either amendments to the initial agreement or through a revised agreement, if appropriate.

Invoicing for professional services under a PSA and monitoring of revenue is performed by each campus department. For UCSF Health, invoicing is done centrally by Health Finance and revenue is distributed to the relevant campus department via journal transfer.

¹ The Stark Law (42 U.S.C. § 1395nn) and federal Anti-Kickback Statute (42 U.S.C. § 1320a-7b) and accompanying regulations and similar state laws.

From July 2016 to June 2019, the number of fully executed PSA agreements as reported in CACTAS were as follows:

School	New	Amendments	Renewals	Total
Dentistry	6	5	4	15
Medicine	115	138	65	318
Nursing	17	8	14	39
Pharmacy	2	3	1	6
Total	140	154	84	378

UCSF Health affiliation agreements may include a provision for clinical services; therefore, UCSF Health Strategic Partnership works with the Campus Department on the development of PSAs that support the affiliation. Currently, Health Strategic Partnership is working on defining their PSA workflow. Separately, SON is currently implementing a central office for processing and managing their PSAs.

II. AUDIT PURPOSE AND SCOPE

The purpose of this review was to assess the internal controls in place for contracting and management of PSAs, including determination of FMV, invoicing for services rendered, agreement renewals, and compliance with legal and regulatory requirements.

The scope of the review covered processes and activities for active PSAs through the CACTAS system from July 2016 to June 2019.

Procedures performed as part of the assessment included review of applicable policies and procedures; walkthroughs; and validation of PSA processes including FMV, agreement renewal, and invoicing. Please see Appendix A for additional details.

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 January 2020.

III. SUMMARY

Based on work performed, a consistent process amongst departments and schools is in place for PSA initiation and approvals. A template for clinical PSA for standard, non-complex services has been developed by GBC to aid departments in drafting agreements. GBC also reviews all PSAs to ensure that they meet the applicable criteria, negotiates terms and consults with SOM Vice Dean or the UCSF Office of Legal Affairs, and/or UC Legal for complex issues.

Opportunities exist for process improvements, strengthening internal controls, and compliance related to written procedures including FMV documentation, timely renewal of agreements, and ensuring the accuracy and completeness of billing for professional services.

The specific observations from this review are listed below:

1. PSAs were not always fully executed prior to the effective date stated on the agreement for UCSF providers initiating the work plan described in the agreement.
2. PSA terms and conditions may not always meet a “safe harbor” in accordance with the federal Anti-Kickback Statute.
3. Inconsistent methodologies were utilized to determine whether provider compensation rates were within industry benchmarks or FMV range. Additionally, support documentation for FMV assessment is not always retained by departments.
4. Written guidelines on PSAs review process and FMV assessment have not been developed.
5. PSAs that include medical directorship did not always require a formal process for documenting hours worked and/or no documentation was submitted.
6. Effective controls and processes are not in place to ensure accurate and timely invoices are generated for provider services.
7. PSAs are not always renewed in a timely manner based on the term period in the agreement.
8. PSA processes and procedures for UCSF Health and Campus could be more clearly defined and aligned where appropriate.

Additionally, during the course of this review, potential opportunities for improvement were noted with respect to CACTAS reporting and agreement amendments. Further detail on the specific observations and the opportunities for improvement can be found in the below section on Observations and Management Corrective Action Plans.

IV. OBSERVATIONS AND MANAGEMENT CORRECTIVE ACTIONS (“MCAs”)

No.	Observation	Risk/Effect	Recommendation	Proposed MCA
1	<p><i>PSAs were not always fully executed prior to the effective date stated on the agreement for UCSF providers initiating the work plan described in the agreement.</i></p> <p>Review of PSAs identified nine of 17 (53%) PSAs were not fully executed by all appropriate parties prior to the agreement effective commencement date. For three of these PSAs (2 Campus, 1 Health), the gap between agreement finalization date and the commencement of clinical services ranged between 8 months and 2.5 years. The remaining five cases, clinical services had not commenced and one was an amendment to the agreement.</p> <p>Some of the causes for the delays were due to complex negotiations, slow response from outside organization, the need to obtain multiple signatures by both parties, and short turnaround timelines needed due to unplanned PSA completion requests. The urgent or emergent need for clinical services to meet UCSF Health and/or the requirements of the outside organization may necessitate clinical services to commence before complete signing of the agreement.</p> <p>Full execution of the agreement is indicated by both parties signing the agreement to denote mutual concurrence and commitment to the terms of the agreement. Stark Law regulations allow a 90-day grace period for agreements to be signed as long as terms are agreed upon in some form of writing (e.g. an email string). The delays in signing the agreements noted above exceeded this time period.</p>	<p>Commencing services prior to the settlement of terms and conditions by all parties or finalization of the agreement beyond the 90 days grace period increases liability risks for the University and potentially creates regulatory risk under the Stark Law and/or the Anti-Kickback Statute.</p>	<p>A process should be developed to ensure that the contract is executed in a timely manner by all appropriate parties prior to the commencement of services.</p> <p>GBC, in conjunction with the departments, should consider performing root cause analysis for delays in executing PSAs and work with departments on possible solutions. Also, consideration should be given to developing metrics for turnaround time.</p>	<p>Action Plans:</p> <p>a) GBC will provide appropriate access to departments so that they can monitor in CACTAS the progress of the agreements.</p> <p>Responsible Party: AVC - OSR</p> <p>Target Completion Date: October 31, 2020</p> <p>b) Each of the Professional Schools will communicate to their departments the importance of tracking and monitoring that PSA agreements are completed and/or terms and conditions are confirmed in some form of writing such as e-mail before clinical services commences.</p>

No.	Observation	Risk/Effect	Recommendation	Proposed MCA
				<p>In the event that there are delays in finalizing the agreement but there is a need to start clinical services, the department will notify the appropriate Dean's Office and the department will agree to accept any consequent financial risks of the agreements not being finalized.</p> <p>Responsible Party: Associate Dean, Admin & Finance, All Professional Schools</p> <p>Target Completion Date: October 31, 2020</p>

No.	Observation	Risk/Effect	Recommendation	Proposed MCA
2	<p><i>PSA terms and conditions may not always meet a “safe harbor” in accordance with the federal Anti-Kickback Statute.</i></p> <p>Review of 17 PSAs identified the following:</p> <ul style="list-style-type: none"> • One PSA had less than a one-year term. Although the term was renewed via an amendment for an additional year of service, the initial execution of the agreement did not meet the “safe harbor” which requires at least a one-year term. • The existing PSA template’s clause for “termination without cause” does not include a provision restricting the execution of similar arrangements within a year following the early termination of the original agreement. <p>The Anti-Kickback “safe harbor” for professional services (42 C.F.R. § 1001.952(d)) requires contracts to be a minimum of one-year term. The agreement can be terminated without cause as long as the parties do not execute a similar arrangement within the first year of the original contract term. The latter is strictly required when the contract is with a physician or medical group.</p>	<p>Not meeting the one-year term requirement and/or not having a clear statement restricting the execution of a similar arrangement when early termination occurs may increase regulatory risk under the Stark Law and/or the Anti-Kickback Statute.</p>	<p>The term length for all physician contracts should be at least one year.</p> <p>GBC should ensure that each PSA with a physician or medical group includes a clause restricting the execution of substantially similar arrangements if the agreement is terminated with or without cause during the first year of the contract term to comply with the “personal services arrangements” exception to the Stark Law.</p>	<p>Action Plans:</p> <p>a) GBC will add clause regarding early termination into PSA template for arrangements with a physician or medical group.</p> <p>b) Education and training for GBC team will include awareness of early termination and the need to consult with Campus Legal Affairs Office when setting up of similar arrangements for physician contracts (where this is known and reported to GBC) to ensure compliance with the Anti-Kickback Statute.</p> <p>Responsible Party: AVC -OSR</p> <p>Target Completion Date: January 31, 2021</p> <p>c) PSA process guidelines, education and</p>

No.	Observation	Risk/Effect	Recommendation	Proposed MCA
				<p>training for SOM departments will include awareness of early termination and the setting up of similar arrangements for physician contracts, in particular consideration be given for agreements that relate to specific individual provider.</p> <p>Responsible Party: Associate Dean- Financial Affairs, SOM in conjunction with Vice Dean Affiliations & International Relations.</p> <p>Target Completion Date: January 31, 2021</p>
3	<p><i>Inconsistent methodologies were utilized to determine whether provider compensation rates were within industry benchmarks or FMV range. Additionally, FMV documentation is not always retained by departments.</i></p> <p>Overall, the hourly provider compensation rates derived by departments were within the industry benchmark (FMV) range. However, variations in methodologies utilized by the departments was noted:</p>	<p>Inconsistencies in methodologies, may not sufficiently demonstrate that the compensation structure for providers is commercially reasonable and that it does not incentivize</p>	<p>Guidelines should be developed on the methodology to be used for calculating physician compensation rates and the acceptable industry data sources utilized for the FMV determination. Documentation of the</p>	<p>Action Plans:</p> <p>a) Each of the Professional Schools and UCSF Health Strategic Partnerships to develop guidelines for FMV including when a formal FMV is required,</p>

No.	Observation	Risk/Effect	Recommendation	Proposed MCA
	<ul style="list-style-type: none"> • Benefits rates were either not included or inconsistent rates were used ranging from 3% - 34%. (Effective FY21 the composite benefit rates will provide some consistency as it will be defined by position title). • Some departments include administrative overhead charges (such as department and Dean’s tax) to derive the hourly compensation rate while others do not. • Departments use 2080 hours for full time equivalent hours (52 weeks x 40 hours) while standard industry practices are to use 2000 hours to account for two weeks of non-productive time such as vacation. <p>Departments may have different financial structures, but as a minimum, the cost of services rendered should be covered.</p> <p>Department administrators indicated that there was generally a lack of clarity on what cost items to include or exclude. Guidelines to help provide clarity and improve understanding of requirements for developing a fee structure is discussed further in observation #4 below.</p> <p>Additionally, although departments use industry benchmarks to assess market reasonableness,² documentation of source data used for the compensation determination is not always retained.</p>	<p>referrals to or from either party. Lack of documentation to support the compensation determination may create compliance risks.</p>	<p>assessment³ should be retained centrally within CACTAS together with the PSA request, which is linked to the final fully-executed PSA, so that it’s readily accessible.</p> <p>Consult with Legal Affairs on developing guidelines on when a formal FMV assessment should be performed.</p>	<p>acceptable industry compensation sources and fee schedules, and required supporting documentation.</p> <p>b) Departments to be instructed by the Schools to submit the compensation / FMV assessment to GBC at time of PSA Request submission for retention in CACTAS (Salesforce) with the approved PSA Request.</p> <p>Responsible Party: Associate Dean, Admin & Finance - All Professional Schools. UCSF Health Strategic Partnership</p> <p>Target Completion Date: January 31, 2021</p>

²School of Medicine uses the Association of American Medical Colleges (AAMC) as a benchmark to set their salary, while some departments use Medical Group Management Association (MGMA).

³ If there is a cap from the other entity on the rate, documentation should support why a particular rate was established and charged.

No.	Observation	Risk/Effect	Recommendation	Proposed MCA
4.	<p>Written guidelines on the PSAs review process have not been developed.</p> <p>Currently, all PSAs are routed to the SOM Vice Dean, Affiliations & International Relations for review, including those submitted by other schools. While this allows a mechanism to centralize the PSA process, there is heavy reliance on one person with institutional knowledge and subject matter expertise rather than a repeatable process.</p> <p>There are currently no written procedures on the overall PSA process or specific guidance to departments on:</p> <ul style="list-style-type: none"> • Cost components to be incorporated to determine compensation hourly rate and retention of support documentation; • Expectations for how to demonstrate FMV, including which professional services may be exempt from needing a FMV assessment; • Compliance factors to be considered (such as regulatory compliance or University policies related to outside activities and Compensation Plans) prior to approval; • Defined roles and responsibilities to provide better accountability; • Process for new, renewal of, and amendments to agreements; • Early termination procedures; and • Processes and hand-offs for PSAs that are part of UCSF Health Affiliation agreements. 	<p>Inconsistent practices and critical steps may be missed without guidelines for handling PSA arrangements.</p>	<p>Guidelines on PSAs contracting, review, and management should be developed, including FMV determination and defining roles and responsibilities for agreements that intersect with UCSF Health Affiliations. The guidelines should be disseminated to all relevant parties.</p>	<p>Action Plans: Each Professional School will develop and communicate detailed procedures tailored for their specific needs for the PSA review process including defining roles and responsibilities.</p> <p>Responsible Party: Associate Dean- Admin & Finance, All Professional Schools</p> <p>Target Completion Date: January 31, 2021</p>

No.	Observation	Risk/Effect	Recommendation	Proposed MCA
5.	<p><i>PSAs that include medical directorship did not always require a formal process for documenting hours worked and/or no documentation was submitted.</i></p> <p>Five out of nine (56%) agreements with medical directorship reviewed either did not stipulate the documentation required to support hours worked or required timesheets but these were not submitted (four cases).</p> <p>Leading practices for Medical Directorship arrangements include having robust documentation of services actually performed. Time logs or other support (paper or electronic) should be submitted as a condition of payment.</p>	<p>Without sufficient support documentation, such as time logs, there is a risk that payments could be made for service not actually provided, which could generate regulatory risk for both parties.</p>	<p>To ensure proper payments, PSAs with medical directorships should clearly define the mechanism for documenting hours worked and the documentation required to be submitted to support payment.</p>	<p>Action Plans: SOM will develop and communicate guidelines to define the mechanism for documenting hours worked related to PSAs with medical directorships. These guidelines will be included in the SOM PSA procedures.</p> <p>Responsible Party: Associate Dean-Financial Affairs, SOM in conjunction with Vice Dean Affiliations & International Relations.</p> <p>Target Completion Date: January 31, 2021</p>
6.	<p><i>Effective controls and processes are not in place to ensure accurate and timely invoices are generated for physician services.</i></p> <p>Review of physician services invoicing identified the following issues:</p> <ul style="list-style-type: none"> a. One PSA had two missing invoices totaling \$3,000 when compared against travel reimbursement log sheets. 	<p>Lack of effective monitoring for expected revenue or late invoicing due to late execution of PSAs can increase the risk of revenue loss.</p>	<p>Each School to review their relevant current practices and develop written procedures for facilitating timely invoicing and effective monitoring of PSA and receipt of revenue. The procedures should be communicated to departments.</p>	<p>Action Plans: Each School will develop written procedures for effective management of PSA and communicate these expectations to all Department Finance Managers to ensure there is accurate and timely invoicing and</p>

No.	Observation	Risk/Effect	Recommendation	Proposed MCA
	<p>b. One PSA relied on the client to provide total net production, which was then used to calculate 50% of the revenue for invoicing. No supporting documentation for the net production amount is provided to enable faculty to independently verify the accuracy and completeness of the services provided.</p> <p>c. Four new PSAs had delayed invoicing for up to 8 months for services performed due to late execution of the agreements.</p> <p>d. One PSA did not submit invoices totaling \$3,109 for 3 months due to lack of response from the client on when, where, and to whom to submit the invoices. The PSA agreement did not include this detail.</p> <p>e. One PSA has not been invoicing for services performed due to lack of clarity on responsible party for invoicing.⁴ This PSA has been active since October 2018 for one physician to provide clinical services and on-call coverage. Missed billing identified is \$26,432.⁵</p> <p>f. One PSA had an unclaimed ACH payment for \$11,250 that went undetected for five months until inquiries were made as part of this review.</p>	<p>Incomplete invoicing information may delay submitting invoices and the collection of revenue.</p>	<p>PSAs terms of payment should have clear language on invoicing expectations regarding (a) where and to whom to send invoices for physician services performed and (b) responsibility for invoicing specifically for complex transactions involving UCSF Health-related agreements.</p>	<p>monitoring of revenue receipt.</p> <p>Responsible Party: Associate Dean, Admin & Finance, All Professional Schools</p> <p>Target Completion Date: January 31, 2021</p>

⁴ This was an UCSF Health Affiliation agreement which included a physician services component. The Department receives a monthly payment for physician support from UCSF Health, and invoicing to the Affiliate for physician services should have been performed by UCSF Health.

⁵ Faculty had recalled 14 days of service through March 2019 and is still determining number of days worked for April onwards.

No.	Observation	Risk/Effect	Recommendation	Proposed MCA
7.	<p><i>PSAs are not always renewed in a timely manner based on the term period in the agreement.</i></p> <p>Four out of eight expired PSAs were not renewed timely. These renewals were not completed/fully executed for up to 8 months after the agreement term period.</p> <p>PSAs are set to expire with an option to renew by both parties. The responsibility of renewal is owned by the department. CACTAS is configured to send auto-notifications 30 days prior to the PSA expiration date to the original requestor and Contract Specialist. However, if the original requestor has left the department, the renewal notice can be overlooked and agreement renewal can be missed or delayed.</p> <p>Also, most departments do not appear to track the Service Agreement number (SA#) making it less efficient for them to reconcile against the CACTAS system to obtain a complete list of all active PSAs that may need to be renewed.</p>	<p>Lack of timely renewal may create regulatory risk and liability risk, leaving UCSF unprotected for any issues that arise during services performed, including insurance coverage and payment for services performed.</p>	<p>To ensure timely renewal of agreements, Departments should develop procedures for tracking PSAs, including initiating renewals early (e.g. 60 or 90 days ahead of time).</p> <p>GBC should explore the possibility of routine or accessible CACTAS reporting for departments that will facilitate initiation of renewals at least 60 or 90 days in advance of contract expiration.</p> <p>Departments should consider tracking the SA#, as it is key required information when requesting a renewal or amendment.</p>	<p>Action Plans:</p> <p>a) GBC will create quarterly reports of expiring PSAs and make them available in CACTAS (Salesforce).</p> <p>Responsible Party: AVC - OSR</p> <p>Target Completion Date: October 30, 2020</p> <p>b) Each of the Professional Schools will develop and communicate procedures for using the GBC reports for tracking and monitoring PSA end dates to ensure that renewals where appropriate, will be initiated timely.</p> <p>Responsible Party: Associate Dean –Admin & Finance, All Professional Schools</p> <p>Target Completion Date: January 31, 2021</p>

No.	Observation	Risk/Effect	Recommendation	Proposed MCA
8	<p><i>PSA processes and procedures for UCSF Health and Campus could be more clearly defined and aligned where appropriate.</i></p> <p>PSAs reside primarily with the professional schools departments; however, with the expansion of UCSF Health’s affiliations, there is an increasing need for both Health and the departments to work together on the care delivery and physician services. Health Strategic Partnership participates in coordinating the PSA, but they do not own the PSA processor the hand-off points for finalization of the PSA agreement. Additionally, the internal mechanism for invoicing and communication protocols between Health and campus departments are not well defined.</p> <p>The following shows differences between Campus and UCSF Health practices for PSA:</p> <ul style="list-style-type: none"> a. The Campus objective for PSAs is to fulfill its mission of community service and teaching, as well as addressing capacity issues. UCSF Health’s goal for partnerships and affiliations is driven by strategic business objectives and expansion of market share. b. Unlike UCSF Health, Campus PSA process is decentralized, with each department individually managing their PSAs. There is not a central strategic development department that reviews for any commonality of PSAs with specific institutions. c. Campus departments may perform FMV assessment internally, but do not have written 	<p>Lack of clear written process and procedures creates confusion and inconsistencies in practices.</p>	<p>The relationship between UCSF Health Strategy and SOM Dean’s Office should be reinforced through streamlining and developing consistent procedures and processes that clarifies roles and responsibilities and communication mechanisms. Existing systems and processes should also be leveraged.</p>	<p>Action Plans:</p> <ul style="list-style-type: none"> a) To reinforce the relationship and to ensure a consistent process across UCSF Health and Campus, bi-weekly meetings have been established between UCSF Strategic Partnership and SOM Vice Dean to discuss all proposed/pending agreements and review the status of negotiations. b) Procedures to be developed to help clarify when UCSF Health or SOM has responsibility and when “campus” institutionally is responsible. <p>Responsible Party: SOM Dean’s Office in conjunction with UCSF Health Strategic Partnership</p> <p>Target Completion Date: January 31, 2021</p>

No.	Observation	Risk/Effect	Recommendation	Proposed MCA
	<p>requirements that compensation should be set at FMV.</p> <p>UCSF Health uses an external third party valuator for their joint venture agreements to determine FMV.</p> <p>d. Campus works with GBC to draft and complete PSAs and documents are stored in CACTAS. Health Strategic Partnership does not have a central system similar to CACTAS, making it difficult to track and identify PSAs initiated by Health.</p> <p>e. Campus Medical Directorships do not require specific activities to be noted for hours worked, whereas UCSF Health agreements include this language.</p>			

V. OPPORTUNITIES FOR IMPROVEMENTS

No.	<u>Observation</u>	<u>Risk/Effect</u>	<u>Recommendation</u>
1	<p><i>Reporting from CACTAS is limited and may not meet departments' business needs for effective management of PSAs.</i></p> <p>Department managers have difficulty generating reports from CACTAS to enable them to track and identify all PSAs that have been issued by the department and their renewal dates. Some contributing factors include:</p> <ul style="list-style-type: none"> • Currently, there are no required fields in CACTAS, thereby limiting generation of meaningful reports to perform any analysis. • CACTAS can only create a view of all PSAs owned by the individual requestor. To receive a full report of all PSAs for a specific department, division, or school, requires a special request to GBC and providing all the department or division names. However, the result is dependent on end users entering their department names into the system in a consistent format (e.g. "M_Family Community Medicine" vs "Family & Community Medicine"). 	<p>The lack of good reporting limits the departments' ability to effectively perform analysis and manage their PSAs.</p>	<p>GBC should consult with end users on the key critical fields they need in their reports and where feasible, develop required fields to facilitate reliable reporting.</p>
2	<p><i>Amendments for extending agreements may be excessively or ineffectively used.</i></p> <p>Amendments are often used for extension of agreement terms rather than performing an agreement renewal. Some PSAs have six to 12 amendments for extensions, making it difficult to fully understand and manage all the updates on terms, including effective dates and scopes of work, without tracking them through multiple amendments. Additionally, the excessive use of amendments for extensions every two to three months could impact oversight for reassessing FMV rate or changes in regulations if incremental extensions occur over a period of years.</p>	<p>Excessive use of amendments to extend agreements increases the need to review for rates and regulation changes that may impact terms of the PSA as well as inefficient use of resources.</p>	<p>GBC should consult with Legal on potential cap on the number of amendments used for renewal and establishing a best practice threshold of full agreement renewal at least every 5 years.</p>

Appendix A

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

1. Interviewed personnel in the local finance departments and central GBC in order to understand and analyze the current state and the activities within their processes and identify the specific risk management activities related to the areas of physician contracting and payments.
2. Reviewed policies and procedures and regulations related to PSA including Stark Law and Anti-Kickback Statute requirements.
3. Obtain Requested and Completed PSA reports for the last fiscal years of fully executed agreements and merged reports to have a comprehensive key data elements view from both reports.
4. Select samples made of different schools, different clients /hospitals, different PSA types (patient care vs medical director), and agreement action status (new, renewal and amendments).
5. Performed testing of all physician payments disbursed between May 2018 and February 2020 in order to validate contract compliance and/or the appropriateness of supporting documentation.
6. Reviewed all active physician contracts for compliance with applicable Stark and Anti-Kickback laws and regulations.
7. Identified control and/or compliance weaknesses and recommended improvements.