

University of California
San Francisco



Audit Services

December 13, 2010

DAVID MORGAN
Executive Director,
Ambulatory Services Administration

**SUBJECT: Off-Site Pediatric Outpatient Specialty Clinics
Audit Services Project #11-019**

As a planned audit for fiscal year 2010-2011, Audit Services has completed a review of charge capture and billing at Pediatrics Off-Site Specialty Clinics. Attached is the final report incorporating the results and the agreed upon management corrective actions.

The management actions specified in this report will be added to the Audit Services follow-up system. Periodically, Ambulatory Services will be contacted to ascertain the status of implementation. Once implemented, additional audit procedures may be performed to validate actions taken. You will be notified when all corrective actions have been implemented and we consider this audit closed.

I would like to thank you for your assistance and cooperation during this review. Please do not hesitate to contact me at 502-2238 should you have questions.

Sincerely,

A handwritten signature in blue ink that reads 'Rick Catalano'.

Rick Catalano
Director

c: Manager Geraty
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**UNIVERSITY OF CALIFORNIA, SAN FRANCISCO
AUDIT SERVICES**

**OFF-SITE PEDIATRICS OUTPATIENT SPECIALTY CLINICS
Project #11-019**

December 2010

Fieldwork Performed by:

Julia Mathis, Senior Auditor

Reviewed by:

Zuleikha Shakoor, Senior Associate Director

Approved by:

Rick Catalano, Director

**Off-site Pediatric Outpatient Specialty Clinics
Audit Services Project #11-019**

MANAGEMENT SUMMARY

As a planned audit for fiscal year 2010-2011, Audit Services conducted a limited review of charge capture and billing at Pediatrics Off-Site Specialty Clinics located at Santa Rosa, Pleasanton and Greenbrae (Marin).

The Pediatric Outpatient Specialty Clinics were established between 2006 and 2008 to provide adult and pediatric services in varying specialties in the outlining community. The clinics at Santa Rosa and Valley Care are managed by Medical Center's Ambulatory Services. For Greenbrae clinic the clinical and administrative functions resides with the Ambulatory Services, while the billing flows through the Department of Pediatrics, within the School of Medicine.

The review identified the need for improvements in the clinics' procedures for ensuring effective charge capture to assure that all charges are fully captured and billed timely. Late charges have been a consistent issue that the clinics are working to address, however, the divided responsibilities between the clinics and the Department Pediatrics for processing of visit and billing information has contributed to the charges been posted late , as well as made it difficult to identify where the specific problems originate. Additionally, the transport of patient medical record information to and from the clinic locations by the providers is another contributory factor for late and missed charges, as well as creating potential risks of security and privacy concerns for safeguarding of patient health information. Lastly, to maximize revenue collection and reduce collection efforts the clinics need to explore options for collection of co-payments at time of service

With the implementation of APEX, the Medical Center's electronic health record system, many of the risks and deficiencies identified in the review shall be mitigated and/ or addressed. Additionally, the Department of Pediatrics has re-engineered their billing and coding process including providers dictating the procedures, the transcribed notes will be used by an outside vendor for coding purposes. The management corrective actions included in the report are interim measures that the clinics can take to minimize the risks.

More detailed information can be found in the body of this report.

**Off-site Pediatric Outpatient Specialty Clinics
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I. **BACKGROUND**

As a planned audit for fiscal year 2010-2011, Audit Services conducted a review of Offsite Pediatrics Outpatient Specialty Clinics located at Santa Rosa, Pleasanton (Valley Care) and Marin. Each of these three satellite specialty clinics were created to develop collaborations with community medical practices and create a UCSF presence in some of the outlying areas. The clinics established operations during 2006–2008 and are still working to firmly establish their presence in the community as well as working to expand their services through advertisement and community exposure at health fairs. The clinics provide both adult and pediatric services in varying specialties.¹ Currently, the clinics are operated by Medical Center’s Ambulatory Services, while the billing function for the Greenbrae clinic is operated by the Pediatrics Department.

For fiscal year 2010, the gross revenue and operating expenses as well as patient activity for each of the clinics are shown in the table below:

	Santa Rosa	Marin	Valley Care
Revenue	\$404,139	\$168,596	\$788,423
Expenses	\$185,827	\$135,319	\$1,390,606
No of Patient Visits	533	237	1,070

**patient visit data is YTD as of May 2010.*

II. **PURPOSE AND SCOPE**

The purpose of the review was to assess the administrative practices and internal controls in place for the charge capture and billing function, cash handling, and assuring compliance with Healthcare Information Portability and Privacy Act (HIPAA) regulations on securing patient health information at the off-site Pediatric Specialty Clinics.

In conducting the review the following procedures were performed:

- Service Agreements and Lease Agreements for the facilities and its operations were reviewed to ensure that agreements are active and up to date.
- Determined whether the clinics are meeting their stated goals as outlined in the Scope of Service Agreements.
- The clinic’s charge capture and billing procedures were assessed through:

¹Specialty services provided include Hematology/Oncology, Orthopedics, Cardiology, Gastroenterology, Nephrology, Nursery Follow-up, Orthopedics, Pulmonary and Cystic Fibrosis, Otolaryngology and Young Adult and Adolescent Eating Disorders, Urology, Neurology, Orthopedic Oncology.

- Review of the clinics' process for ensuring that there is an encounter charge sheet for each patient visit.
- Validation of charges in the IDX billing system for a sample of patients selected from the arrived visit list.
- Review of the late charges report to determine whether posting of charges are within the established targets and goals set by both the clinic and Medical Center, as well as what measures are taken to reduce billing delays at each of the clinics.
- Review of current TES report to assure that there is timely clearance of TES edits.
- Review of denials and Document Request Query (DRQ) reports to establish reasons for denials and what actions have been taken to improve processes.
- Determined whether adequate physical security of supplies and inventory controls are appropriately implemented.
- Compliance with HIPAA requirements was assessed, including:
 - Ensuring patient health information is adequately secured and safeguarded
 - Confidentiality Statements are signed by all clinic staff and retained on file.²

The scope of the review was limited to the specific procedures described above and related to transactions and activities occurring between June 2009 and September 2010. As such, work completed is not intended, nor can it be relied upon to identify all instances of potential irregularities, errors and control weaknesses at the clinics. Fieldwork was completed in September 2010.

III. **CONCLUSION**

Based on procedures performed, clinical operations at each of the locations appear to be well organized and focused on meeting patient needs. Services are consistently expanding and patient surveys indicate high levels of patient satisfaction among those who have received services at the locations. Notable areas of improvements at the clinic level are ensuring the charge capture process adequately assures that charges for all services rendered are captured and billed timely. Additionally, the transportation of patient records to and from the clinics by providers creates potential risk to the Medical Center should patient health information be misplaced or lost in transit.

² Agreements are kept at UCSF Human Resources.

The issues identified in the review are likely to be addressed with the implementation of the new electronic health records system which will eliminate the need to maintain and transport paper records and the associated tracking of encounter forms.

IV. **OBSERVATIONS AND MANAGEMENT CORRECTIVE ACTIONS**

A. **Charge Capture**

1. *The clinics do not have effective procedures in place to ensure that there is complete and accurate capture and timely billing of patient charges (Greenbrae and Santa Rosa).*

The clinics are responsible for ensuring that their charges are complete, accurate and billed in a timely manner. The Medical Center's goal is to post charges to patient accounts within six days from the date of service

A review of the clinics' charge capture and billing processes identified the following:

- a) The Santa Rosa and Greenbrae clinics do not have an effective process for ensuring that an encounter form is completed and submitted for all services rendered. Encounter forms are not reconciled with the patient arrived list and reviewed for completeness and accuracy.

Additionally, the clinic is not making use of the missing charges report established by the Medical Center.³

The lack of effective procedures for ensuring that patients are properly charged for services rendered increases the risk of missed charges not being identified resulting in lost revenue.

- b) Both Santa Rosa and Valley Care clinics are not posting charges to the patient accounts timely and within the required target turnaround time set by the Medical Center.⁴

For the 12 months period ending October 31, 2010, late charges represent 71% and 45% of gross charges for Santa Rosa and Valley Care respectively.

³ Missing charges report was set up by IT to facilitate clinics to identify charges that have not been billed for arrived patient visits. The Clinic manager is not aware that such a report exists.

⁴ It was not possible to determine the late charges at the Marin Clinic as revenue is filtered directly through to the individual specialties within the Pediatric Department.

According to clinic management, the significant delays at the Santa Rosa clinic have to do with issues related to the encounter forms routing process from the provider to the billing office in San Francisco. At the time of the audit, at both the Santa Rosa and Marin clinics, providers were responsible for transporting patient charts and visit information (including Encounter Forms) from the clinics back to the Pediatric Department at UCSF. This process is a likely source of potential delay, as the providers may not be transporting the information in a timely manner. Additionally, there are further delays with charge sheet processing at the Medical Center and once they are routed to Medical Group Business Services (MGBS); which is likely at least a partial cause of some of the delays at the Valley Care Clinic.

Not billing for patient services in a timely manner increases the likelihood of revenue loss.

Management Corrective Action

- 1) To proactively address deficiencies in the current review of encounter forms and to reduce late charges, management initiated a change in the flow process to improve overall charge lag timelines and charge capture processing/posting. Effective September 1, 2010 the following protocol is now in place at Santa Rosa Clinic:
 - At the end of each day, all encounter forms are routed to the Front Desk Coordinator who reviews the forms to ensure that all codes are marked and patient labels affixed. The encounter forms are also verified against the clinic appointment “arrived” list to ensure all tickets are captured. The Front Desk Coordinator performs batching procedure and then all encounters, clinic list, and batch records are sent via fed-ex overnight standard routed to Administrative Director for final review and routing to MGBS for charge posting.

Effective January 3, 2011, this process will also be implemented at the Greenbrae clinic.
- 2) By January 3, 2011, the Pediatrics Department will be using a courier to transport patient charts to and from

the Santa Rosa and Marin satellite clinics and UCSF San Francisco Medical Center offices.⁵

- 3) As part of their on-going efforts to address the charge capture issues, clinic management will continue regular meetings with MGBS team to identify trends, outliers, analysis of monthly charges/turn-around timelines, etc. By January 7, 2011, Santa Rosa and Greenbrae clinics will be included in the monthly meetings.

2. The clinics are not collecting co-payments at time of service

To minimize collection efforts and costs, the Medical Center's policy is to attempt to collect co-payments at time of service.⁶

The clinics currently bill for co-payments after services are provided as they do not have sufficient staff personnel to assure the required segregation of duties are in place for cash collection on site. Discussions with clinic management has indicated that there are plans to have debit / credit card payment options available at the clinics but no firm implementation date has been set.

Having a consistent policy for collection of co-payments for both off-site and on-site ambulatory clinics ensures uniform treatment of patients as well as minimizes the risk of revenue loss through non-collection.

Management Corrective Action

By February 1, 2011, the clinics will install debit/ credit card terminal and provide relevant training to staff to enable collection of copayments at the time of service.

⁵ Shadow charts are utilized at the clinics, being transported to the Santa Rosa and Marin clinics per each clinic day from the Pediatrics Department.

⁶ Ambulatory Services Procedure Manual: Cash Management Guidelines for Ambulatory Clinical Practices - Co-payment Collection.

B. Patient Chart Transportation

Storage and transport of patient charts is not performed in a manner that provides sufficient safeguard of patient health information (Marin and Santa Rosa Clinics).

HIPPA Privacy regulations require that entities maintain physical safeguards to prevent unintentional use or disclosure of protected health information.

At both Santa Rosa and Marin, the providers are personally responsible for transporting patient charts to and from the Medical Center.⁷ At Valley Care clinic the charts are delivered and picked-up by a courier service.

Relying on providers to transport the charts increases the liability risk to the Medical Center in the event that records are misplaced or lost.

Management Corrective Action

As noted in the MCA A.2. the Santa Rosa and Marin clinics will enlist use of a courier to transport patient charts to and from the satellite clinics and San Francisco offices.

* * *

⁷ Shadow charts are used at the clinics.