UNIVERSITY OF CALIFORNIA, DAVIS
AUDIT AND MANAGEMENT ADVISORY SERVICES

UC Davis Health
UCDH Exclusion Monitoring
Audit & Management Advisory Services Project #22-14

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**UCDH Exclusion Monitoring
AMAS Project #22-14**

MANAGEMENT SUMMARY

Background

As a part of the fiscal year (FY) 2022 audit plan, Audit and Management Advisory Services (AMAS) conducted a review of the exclusion monitoring process implemented by the UCDH Compliance department (Compliance).

The Office of the Inspector General for the Department of Health and Human Services (OIG) maintains a List of Excluded Individuals/Entities (LEIE). This is a list of individuals and entities excluded from participating in federal healthcare programs. As UCDH receives funding from federal healthcare programs, employing or utilizing the services of an individual or entity listed on the LEIE could result in fines up to $10,000 per day or service, in addition to repayment of any federal funds collected.

The University of California Health Science Compliance Program policy states that the Health Science Compliance Officer is "responsible for ensuring that processes are in place to screen all responsible parties against the" LEIE. Compliance organized a process in FY 2020 to ensure employees and volunteers are screened for OIG exclusion by Human Resources as part of the background check process. Compliance also orchestrated an agreement with a vendor, Streamline Verify, to provide ad hoc and monthly screenings. This enables vendor screening prior to setup in Infor-Lawson, and monthly screening of employees, volunteers, students, and vendors.

Purpose and Scope

Our objective was to evaluate the frequency and completeness of the exclusion monitoring process and whether the population screened and the information collected are sufficient to identify all potential matches to the LEIE.

To complete the review, we met with staff in Compliance, UCDH Accounts Payable and General Accounting, UCDH Purchasing, UCDH IT Enterprise Applications, Medical Staff Administration and UCD Supply Chain Management. We reviewed implementation methodology documentation, the most recent vendor extract submitted to Streamline Verify in May 2022, payment information from the Kuali Financial System (KFS), a vendor list from Infor-Lawson,[1] and monthly results from Streamline Verify.

We also confirmed that UCD Campus health organizations, such as Student Health and Occupational Health do not receive funds from federal healthcare programs so were not included in the review.

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[1] KFS is the UCD system of record but UCDMC purchase orders and subsequent payments are issued from Infor-Lawson.

Conclusion

Compliance has organized an exclusion screening process that relies on participation from multiple UCDH and UCD Campus resources. We identified the issues discussed below, which may impact the ability to identify all potentially excluded individuals and entities connected to UC Davis' federal healthcare program.

1) Current screening does not cover Davis campus employees who provide services in support of the federal healthcare program;

2) UCDH's process for screening KFS only captures a subset of transactions involving potentially excluded individuals;

3) UCDH has not defined an approach to verifying vendors' and other contractors' exclusion status; and

4) Current screening does not cover referring providers, including those placing orders for services[2] and those making referrals for direct care.

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[2] Lab, Pharmacy, or Imaging, for example.

Observations, Recommendations and Management Corrective Actions

A. Exclusion Monitoring

Gaps in the exclusion monitoring process could allow for unnecessary risks.

UCOP policy requires responsible parties, defined as personnel, vendors, contractors and other representatives, be screened for potential exclusion at two stages, an initial screening and rescreening no less than monthly thereafter.

The initial screening for employees and volunteers is performed by Human Resources through Universal Background Check. The initial screening for vendors is performed by the Infor-Lawson vendor team for purchase order vendors utilizing Streamline Verify. The screening for providers with emergency or temporary privileges occurs during the credentialing process conducted by Medical Staff Administration.

Recurring monthly screenings for employees, volunteers, students and vendors are processed by Streamline Verify through an automated extract that is sent on the third working day of each month.

We identified several gaps in the level of screening currently performed:

1) UCD campus-based departments such as Police, Finance, Human Resources and others transfer labor expenses of nearly $15M annually to UCDMC. The labor supported by these expenses impacts federal health programs in a manner similar to services provided by UCDH personnel.

   The current practice is not to include Davis campus-based employees in any of UCDH's screening for individuals on exclusionary lists. Without a determination of when Davis campus employees should be included in the screening process, there is risk that UCDH could be accepting services from excluded individuals.

2) UCDMC processes non-purchase order transactions through the campus-based Kuali Financial System (KFS). Though Compliance initiates a monthly exclusionary list screening of UCDH vendor payments recorded during the prior month in KFS, no party screens at the time a new vendor is added to KFS, creating a potential gap in awareness.[3]

   The dataset utilized in the above referenced screening is limited to payment activity on certain document types. We observed payments made to UCDH vendors using document types not included in those screens, which indicates that some participants in the federal healthcare program have not been screened for exclusion.

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[3] UCDMC plans to migrate non-purchase order processing to Infor Lawson in FY 2023, which would improve Compliance's ability to perform comprehensive screening. No initial screening for KFS vendors is planned, which would impact SOM and SON.

Furthermore, the existing screening process looks at payment activity to identify excluded individuals, but they do not screen UCDMC documents related to services yet to be rendered or paid. As a result, Compliance's screening constitutes a detective control whereby participation by excluded individuals can be corrected after the fact; but it does not provide a preventative control whereby participation by excluded individuals can be avoided.

3) Employees of contracted vendors who provide on-site services are not included in UCDMC's initial or monthly screening. AMAS observed that some agreements, but not all, contained language requiring the vendor to certify that employees were not excluded from participating in federal healthcare programs. We are not able to comment on the level of compliance because criteria for which types of agreements should contain this language have not been developed.

4) UCDH is not screening non-UCDH providers who refer patients for consultation with a UCDH provider or for specific services such as imaging or laboratory. Charges resulting from these referrals can be billed to the payer without confirmation that the ordering provider is not excluded from federal health programs.

There is nonbinding guidance indicating that screening might not be required in certain cases involving referral from an outside provider; outside orders for tests and other services. However, these services and tests would likely not be covered should that prove to be an exception.

Recommendation

a. Compliance should respond to the potential gaps documented above and incorporate mitigating controls into the exclusion monitoring process as necessary.

Management Corrective Action

1. Compliance will respond to the above identified risks in an updated exclusion monitoring project plan, which will be documented by March 15, 2023.