UNIVERSITY OF CALIFORNIA, SAN FRANCISCO
AUDIT SERVICES

UCSF Medical Center
Clinic Operations
Center for Reproductive Health, Fertility Clinic
Project #14-034

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MANAGEMENT SUMMARY

As a planned audit for Fiscal Year 2014, Audit Services completed a review of the operations for the UCSF OB/GYN's Center for Reproductive Health (CRH) Fertility Clinic at the Mount Zion location. The CRH's fertility clinic's gross revenue for services was $17.7 million for Fiscal Year 2013 and $16.9 million for Fiscal Year 2014.

The purpose of the review was to assess the effectiveness and efficiency of processes and controls of the Fertility Clinic's practices over cash collection and payment handling; accuracy and completeness of revenue capture; ensuring HIPAA compliance and the accountability of controlled substances.

To conduct the review, Audit Services interviewed the CRH, Medical Group Business Services (MGBS), and Patient Financial Services (PFS) personnel; reviewed existing policies, procedures and other relevant documents; and performed sample testing to validate completeness of charge capture and billing, copay collection and deposits; assessed controls over security of cash for compliance with policy and other aspects of clinic operations to achieve the objectives for this review. The scope of the review covered transactions and activities for the period July 1, 2013 through September 30, 2013.

Based on work performed, opportunities for improved controls exist by ensuring that there is regular review and disposition of prepayments; charges are posted in a timely and accurate manner to reduce the potential for lost revenue and that transfer of donor charges to recipients' accounts occur consistently. Additionally, cash controls need to be strengthened to be in compliance with University Policy and Ambulatory Practices Guidelines.

Additional information regarding the observations and associated management corrective action plans is detailed in the body of the report.

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I. BACKGROUND

As a planned audit for Fiscal Year 2014, Audit Services completed a review of the Clinic Operations for the UCSF Center for Reproductive Health (CRH), Fertility Clinic at the Mount Zion location. The CRH offers a comprehensive array of infertility evaluation and treatment options and services for both men and women; including In-Vitro Fertilization and Intrauterine insemination.

The CRH's Fertility Clinic's gross revenue for services was $17.7 million for Fiscal Year 2013 and $16.9 million for Fiscal Year 2014. CRH utilizes two electronic health record systems: IDEAS is used for scheduling, recording insurance information, documenting clinical services, and orders for internal services within CRH. Advancing Patient Centered Excellence (APeX) is used for coding, billing and orders for clinical and ancillary services outside of CRH. CRH considers IDEAS as the official source for clinical documentation. Single Billing Office (SBO) and Patient Financial Services (PFS) processes billing in Apex for all hospital charges and self-pay physician service charges, while Medical Group Business Services (MGBS) processes billing for physician service charges that are covered by the patient's insurance through APeX.

II. AUDIT PURPOSE AND SCOPE

The purpose of the review was to assess the effectiveness of the controls over various aspects of clinic operations. The objectives of the review were to ensure that:

1) There is a proper collection of payments; appropriate safeguards and accountability for amounts collected; and compliance with campus and University-wide cashiering policies;
2) Revenue capture processes provided assurance on the completeness and timeliness of charging for services;
3) Clinic practices assured awareness of and compliance with HIPAA in safeguarding and maintaining confidentiality of patient health information; and,
4) There is adequate security and accountability of controlled substances.

The scope of the review covered transactions and activities for the period July 1, 2013 to September 30, 2013.

The procedures performed to conduct the review included the following:

- Interviewed CRH personnel to gain an understanding of revenue capture processes, cash handling, HIPAA training, and utilization of controlled substances;
- Interviewed personnel within SBO/PFS and MGBS for denial management and billing;
- Reviewed existing clinic policies, procedures and other relevant documents;
- Assessed physical security and controls over cash and cash equivalents;
- Assessed processes for receiving and depositing cash and cash equivalents;
- Tested a sample of 15 APeX encounters to verify that correct amount of copays was collected and posted to the patients' accounts;
- Reviewed a sample of 15 APeX encounters to verify that the charges are complete and accurately posted to the patients' accounts;
- Reviewed a sample of 10 "cancelled" or "no show" appointments per status in APeX to evaluate whether it accurately reflected the status of the patient appointment; and,

- Reviewed results of monthly audits performed by the nurse supervisor to ensure that there is adequate monitoring and oversight of controlled substance usage.

Since work performed was limited to the specific procedures identified above, this report is not intended to, nor can it be relied upon to provide an assessment of the effectiveness of controls beyond those areas and systems specifically reviewed. Fieldwork was completed in May 2014.

III. CONCLUSION

Based on the work performed, overall internal controls for collection of cash and depositing, capturing of charges, HIPAA compliance, and handling of controlled substances appears to be in place and functioning appropriately. Although, the controls within the clinic are in place, opportunities for improvement exist that would further ensure a consistent and effective charge capture, payment posting and cash handling processes. Enhanced controls should be implemented in the following areas:

- Process for ensuring that there is regular review and appropriate disposition of undistributed prepayments;
- Process for transferring of donors' charges to recipients and to monitor that all charges were correctly transferred;
- Process for ensuring the timeliness and accuracy of charge posting;
- Reinstating the performance of the monthly cash audits;
- Process for ensuring that correct amount of co-pays are collected;
- Ensuring that cash collections are adequately secured and protected and that cash handling processes comply with University policies;
- Process for ensuring consistency of data in both APeX and IDEAS.

Detailed information on these observations and associated management corrective action plans are outlined in the attached table.

IV. OBSERVATIONS AND MANAGEMENT CORRECTIVE ACTIONS

OBSERVATION	RISK	RECOMMENDATION
A. REVENUE CAPTURE & BILLING		
1. Undistributed prepayments are not reviewed and cleared in a timely manner. Discussion with CRH personnel identified that there is no effective monitoring process established for ensuring regular identification, review and clearance of prepayments. As of 6/11/2014 undistributed prepayments totaling $3.2 Million are outstanding to be distributed to patients that either have self-pay/insurance balance due or have no balance due on their accounts and therefore potentially needs to be refunded.[1] Prepayments for IVF services are posted to the patient account in APeX as "3015 (SBO IVF Services PR)" undistributed payment code. Pseudo charge codes (IFxxx) were specifically created for automatically distributing prepayments in 3015 against the charges. When the pseudo charge codes are not used, the prepayment remains undistributed and requires manual assignment to the charge.	Inaccurate statements and demand notices may negatively impact customer relations and cause patient dissatisfaction.	1) By September 30, 2014, CRH Billing Office will request access to the APeX prepayment work queues so that they can review existing prepayments and request SBO/PFS to apply these to outstanding self-pay balances or to process refunds to patients as appropriate. 2) By September 30, 2014, CRH Billing Office will develop and implement a monitoring process to ensure regular review of the prepayment work queue is occurring.
2. Inaccurate charges were noted. Review of a sample of 15 encounters identified the following inaccurate charges: • Insurance information in APeX was not updated. As a result, a patient was billed for charges which were supposed to be billed to the patient's insurance company. • Facility fee (HC HYSTEROSCOPY W/BX) was charged twice as there were multiple encounters for the visit, resulting in duplicate billing of the facility fee. • Pseudo codes (IFxxx) were not used for one self-pay patient.	Revenue may be lost and/or patients may be required to pay for charges that they are not fully responsible for.	By September 30, 2014, CRH Billing Office will develop processes for continuous education and training, including feedback from the Quality Assurance Analyst, to billing staff to reinforce the procedures that need to be followed for ensuring accurate coding and posting of charges.

[1] Per data provided by PFS on 6/11/2014

OBSERVATION	RISK	RECOMMENDATION
3. Donor charges have not been transferred to the recipient account consistently and there is no monitoring to ensure that all charges are correctly transferred. Hospital charges for 10 of 14 donor encounters reviewed were not transferred to the corresponding recipient account or ZZ account created for the donor program, leaving the donor's account with an outstanding balance. Further inquiries noted that the process relating to transferring donors' physician services and hospital charges to the recipient and clearing donors' outstanding charges is not performed in a consistent manner; and there is no monitoring process in place to ensure all the donors' charges are correctly posted to the recipients' accounts. CRH's charging practice is that donor related service fees are generally charged to the recipient. Due to confidentiality, the recipient is not recorded as a guarantor on the donor's account in APeX and therefore all charges must be transferred manually. [2]	Revenue may be lost due to incorrect or incomplete transfer of donors' charges to recipients' accounts.	1) By December 31, 2014, CRH Billing Office will review existing donor accounts that have outstanding balances and transfer the charges to the recipient account as appropriate. 2) By December 31, 2014, CRH Billing Office will develop documented procedures that clearly define the process and procedures for transferring professional services and hospital charges for donors. 3) By December 31, 2014, CRH Billing Office will develop and implement a process to regularly review and monitor that all donor charges are correctly transferred.
4. Charges are not posted in a timely manner resulting in delays in billing. 7 of 15 encounters reviewed had all or partial charges posted more than 30 days after the date of service. According to the Clinical Revenue Manager, the contributory factors for the significant charge lag days were due to delays in closing of the encounters by providers and coding/billing resource constraints. Additionally, as of 6/20/2014, per report provided by the CRH Billing Office there are 234 open encounters for services provided between 7/1/2013-5/31/2014, and for which billing has not occurred.	Delays in cash flows and potential loss of revenue due to late charges and untimely billing.	1) By December 31, 2014, CRH will develop a process for regular reporting and communication of open encounters to providers. 2) CRH is currently recruiting for an additional biller to help with the turnaround times. Also an assessment of the tasks and workflows for coding staff is expected to be completed by December 31, 2014.

[2] The CRH documents information to associate a donor with recipient in IDEAS only.

OBSERVATION	RISK	RECOMMENDATION
According to the University Accounting Manual, all "revenue generating centers are responsible for ensuring the timely and accurate submission of individual charge transactions into the billing system"[3]. Medical Center has defined late charge as any charge posted more than 6 days after date of service.		3) By December 31, 2014, CRH will set targets for reducing the charge lag days to be in line with Medical Center's guidelines of 6 days.
B. CASH HANDLING AND PATIENT CHECK-IN		
1. Monthly cash audits have not been performed since February 2014. The last cash audit was performed in February 2014. This function, previously performed by the Practice Administrator has not been re-assigned since his departure. Ambulatory Practices Guideline stipulates that a cash audit to ensure that deposits are made within established criteria, cash collectors and depositors have received appropriate training, validation of change funds and current monies reconcile with APeX Cash Drawer should be conducted by the Practice/Department Manager at least once a month.[4]	Errors and irregularities may not be identified promptly.	By August 31, 2014, CRH will reinstate the monthly cash audits.
2. Co-pay was collected from patients who do not have co-pay liabilities. 4 of15 encounters tested identified that co-pay was collected from patients who do not have co-pay liabilities. Such instances were mainly caused by errors made by the CHR Billing staff or the CRH Front Desk. CRH Billing Office as part of pre-visit preparation is responsible for identifying 'co-pay due' and documenting in IDEAS.	Inaccurate and overcharging may create compliance issues as well as customer dissatisfaction.	To ensure that correct co-pays are collected, CRH Billing Office, in conjunction with Care Team and Front Office, will create a workgroup to assess existing processes and communications between the teams and will develop a documented process. This will be completed by December 31, 2014.

[3] Medical Centers: Patient Account Receivables H-576-60 – Recording and Reviewing Patient Charges
[4] Cash Management Guidelines for Ambulatory Clinical Practices and POS Cash Collection Departments

OBSERVATION	RISK	RECOMMENDATION
3. Cash controls do not meet the University Cashiering Policy requirements. Business and Finance Bulletin BUS-49 "Cash and Cash Equivalents Received" governs the University's policies related to the handling and processing of cash and cash equivalents. The purpose is to ensure that cash is protected, accurately and timely processed, and properly reported.[5] CRH collects a significant amount of cash and checks, with monthly deposits averaging approximately $176K.[6] Review of cash handling controls identified the following University policy requirements that are not being met: - There are no manual robbery alarm systems in the cash collection areas, or automated alarm system in the CRH safe storage area. - Currency in excess of $5,000 are not processed in dual custody - Deposits are not always made when collection exceeds $500 and are retained in the CRH safe overnight or over the weekend. - The safe combination has not been changed annually. It was noted that the majority of the CRH clinic functions will move to the new Mission Bay location, with a reduced level of service remaining at the current Mt. Zion location. This would be a good opportunity to re-evaluate the clinic's cash collection and handling practices.	Lack of sufficient controls to handle cash/cash equivalent increase the risks of thefts or loss.	1) By January 31, 2015, CRH will assess their practices for cash collection, including requesting UCSF Police Department to complete a security survey of both the current Mt Zion and the new Mission Bay locations to ensure compliance with University policy. 2) By March 31, 2015, the survey and assessment results will be presented to Medical Center's Finance Cash Supervisor for determination of whether exceptions to the policy are deemed necessary.
4. Duplicate entries in both IDEAS and APeX have created inefficiencies and inconsistencies in the data. A review of a sample of 10 "Cancelled" or "No-Show" encounters in APeX found that these patients had indeed been seen by the provider and status in IDEAS indicated "Arrived."	Duplicate entries of data in both systems increases risks of missed or errors as well as inefficiencies in resources.	1) By March 31, 2015, CRH will continue its efforts with Clinical Technology Group to pursue the integration of data between IDEAS and ApeX.

[5] UC BUS-49 Policy for "Cash and Cash Equivalents Received"
[6] Based on average cash and check deposited during July 2013 – December 2013.

OBSERVATION	RISK	RECOMMENDATION
Duplication of effort and manual entries has created inefficiencies, increased errors and omissions and inconsistent data between the two systems. IDEAS provides a more robust functionality to meet the needs of CRH clinic services, such as documenting treatment plans, however billing for these services must occur through APeX. This has resulted in the need for providers and staff to perform duplicate entries in both systems. Examples of duplications include scheduling and patients check-in, sign-off encounters, and clinical documentation. CRH submitted proposal to the Clinical Technology Group for interfacing of data from IDEAS to APeX. Phase I is expected to be scheduled for implementation in 2015-2016. This is likely to alleviate some of the duplication in efforts, reduce errors and increase practice charge capture efficiency.		2) As an interim plan, by September 30, 2014, CRH will assess existing issues related to inconsistencies in IDEAS and APeX and implement processes to ensure data in both systems are accurate.