

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

**School of Dentistry Clinic Operations  
Project #15-030**

**June 2015**

University of California  
San Francisco



**Audit and Advisory Services**

June 5, 2015

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Professor and Chair  
Department of Orofacial Sciences

**SUBJECT: School of Dentistry Clinic Operations Review**

As a planned internal audit for Fiscal Year 2015, Audit and Advisory Services (“AAS”) conducted a clinic operations review for the Periodontics Clinic within the Department of Orofacial Sciences (OFS). 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 preliminary draft report was provided to management in May 2015. Management provided us with their final comments and responses to our observations in June 2015. 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. In accordance with the University of California audit policy, AAS 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 the Ethics, Compliance and Audit Board, and is not intended to be and should not be used by any other person or entity.

Sincerely,

A handwritten signature in black ink, appearing to read 'Irene McGlynn', with a horizontal line extending to the right.

Irene McGlynn  
Director  
UCSF Audit and Advisory Service

## EXECUTIVE SUMMARY

### I. BACKGROUND

As a planned audit for fiscal year 2015, Audit and Advisory Services (AAS) conducted a clinic operations review for the School of Dentistry (SOD) Periodontics Clinic (Perio) within the Department of Orofacial Sciences (OFS).

Each clinic within SOD is responsible for their operations including cash collections, registration and scheduling, and billing activities. Most clinics utilize the central electronic health record system, axiUm, which allows patients to be seen at multiple clinics without the need to re-enter information at each location. At Perio, two front desk registration staff members, a financial analyst, and a billing manager are responsible for the day-to-day administrative and financial operations.

Perio has two practicing faculty members, nine residents, two hygienists, and approximately 30 pre-doctoral students. There are four attending faculty members with rotating schedule who supervise residents. For Fiscal Year 2014, there were 8,398 patient visits with total payments of \$1.2 million at the Perio clinic.

### II. AUDIT PURPOSE AND SCOPE

The objectives of this review were to determine if adequate effective controls are in place over:

- 1) Patient scheduling and registration;
- 2) Cash collection and depositing; and
- 3) Billing and Collections.

The scope of the review covered the cash collections, patient registration and scheduling, and billing activities between July 2014 and March 2015.

Procedures performed as part of the review included interviews with Perio personnel, review of the relevant regulations and department policies, verification of cash controls, and assessment of registration and billing reports. Prior SOD billing reviews were conducted in 2010 and specific findings were followed up in this review to determine if corrective actions were applied where applicable. For more detailed steps, please refer to Appendix A.

Work performed was limited to the specific procedures identified above; as such, this report is not intended to, nor should it be relied upon to provide an assessment of compliance beyond those areas specially reviewed. Fieldwork was completed in March 2015.

### III. SUMMARY

Based on the work performed, overall clinic operations are functioning effectively for managing deposits, obtaining pre-authorizations for treatments and reviewing claims before submission to insurance.

Opportunities for improvements exist in the following areas: collecting patient registration data and signatures, reviewing charges and unallocated payments timely, documenting proper approvals for professional allowance and using accurate adjustment codes for discounts.

The specific observations from this review are listed below. Since this review is focused on operations within Perio, OFS should evaluate if control deficiencies identified in this report would be applicable to other clinics, and consider applying the corrective actions to other clinics as appropriate.

- Patient registrations have missing or inaccurate information.
- Patient signatures were not consistently obtained for registration documents as required by federal regulations.
- Management and monitoring reports used by clinics to track exceptions were not reviewed and appropriate actions were not taken timely.<sup>1</sup>
- Professional allowances did not have formal written approval from the Director as required by policy and some study patients costs were recorded as professional allowance.

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<sup>1</sup> Similar observations were made in a previous review, Faculty Group Practice, Oral and Maxillofacial Surgery, Orthodontic Clinic, and Pre-doctoral Clinic were reviewed in 2010 for billing activities;

**IV. OBSERVATIONS AND MANAGEMENT CORRECTIVE ACTIONS (MCA)**

<b>No.</b>	<b>Observation</b>	<b>Risk/Effect</b>	<b>Recommendation</b>	<b>MCA</b>
1	<p><b><i>Patient demographics information was not consistently captured within axiUm.</i></b></p> <p>We performed a data analysis of Perio patient data from the period of July 2014 through December 2014 (population of 102 new patients) and noted that certain demographics information was not consistently captured including the following:</p> <ul style="list-style-type: none"> <li>• 12 missing addresses,</li> <li>• 10 missing phone numbers,</li> <li>• 10 missing dates of birth,</li> <li>• 20 missing genders, and</li> <li>• 8 missing company and subscriber fields.</li> </ul> <p>These data fields were not configured as required fields in axiUm. Additionally, inaccurate data was obtained for subscriber IDs and patient types.</p>	<p>Inaccurate or missing information creates errors that may cost additional time and resources to rework the billing.</p>	<p>The department should consult with SOD Network and Information Services (NIS) to determine what fields can be set as required without impacting other clinics' business processes. If fields cannot be set as required, consider developing monitoring reports that can be used to provide feedback.</p> <p>The department should update clinic procedures for the patient registration process with emphasis on the demographics information that negatively impacts billing when not obtained or obtained inaccurately. These fields may include: address, phone, date of birth, gender, subscriber, patient type, etc.</p>	<p>By September 30, 2015, Perio will:</p> <ul style="list-style-type: none"> <li>• Consult with NIS to make patient demographic fields required where possible. If that is not a viable option, then develop procedures to monitor for missing patient demographics.</li> <li>• Establish registration procedures to include the collection of all pertinent patient registration information.</li> </ul>
2	<p><b><i>Patient signatures were not consistently obtained for registration documents as required by federal regulations.</i></b></p> <p>We performed a data analysis of Perio registration information for a sample of 46 patients between March 1, 2015 and March 10, 2015, to determine if signatures were obtained for required registration documents. The axiUm system is used to document and track if signatures were obtained. Our review identified that signatures were not obtained for</p>	<p>Not obtaining required patient signatures on registration forms as proof of acknowledgement violates HIPAA Privacy regulations and department policy requirement on patient understanding of their privacy rights, terms and conditions of</p>	<p>The department should use the axiUm Chart Audit Form to monitor patient signatures for key documents and determine frequency (monthly, semi-monthly) of review. However, the form could be updated to provide by patient instead of by provider to meet registration needs.</p> <p>Per NIS, axiUm is unable to require specific forms. However,</p>	<p>By August 31, 2015, Perio will:</p> <ul style="list-style-type: none"> <li>• Establish a process for monitoring and obtaining missing patient signatures for registration documents.</li> <li>• Consult with NIS to determine if the Chart Audit Form could be</li> </ul>

No.	Observation	Risk/Effect	Recommendation	MCA
	<p>31 Financial Policies, 16 Terms &amp; Conditions, and 7 Privacy Notices. Additionally, procedures to monitor, follow up, and collect missing signatures have not been implemented.</p>	<p>service and obligations on financial payments.</p>	<p>NIS has updated their semiannual HIPAA Audit Report monitoring to look for attached form along with the Office Code field for accurate compliance reporting at the time of this review.</p>	<p>leveraged to monitor for missing signatures by patient.</p>
<p>3</p>	<p><b><i>Management and monitoring reports used by Perio to track exceptions were not reviewed and addressed timely.</i></b></p> <p>Exception reports are used to manage and monitor patient revenue by tracking missing charges, unallocated payments, credit balances, aged receivables, and allocations from other clinics. Our review of the exception reports from March 2015 identified the following:</p> <ul style="list-style-type: none"> <li>• Missing Charges Report – 79 patient visits between July 2014 and February 2014 did not have any treatment charges entered by residents and hygienists. Although the information was reviewed and escalated, the missing charges remained outstanding.</li> <li>• Unallocated Payment Report – 188 patient payments totaling \$34K remained unallocated as of March 2015. 162 of the 188 payments totaling \$28K were more recent payments received after September 2014. Perio has since allocated all outstanding payments during the course of this review.</li> </ul>	<p>Not taking appropriate and timely actions to address exceptions identified in the management and monitoring reports may impair the financial health of the clinic and result in noncompliance with regulatory requirements or UC Accounting Manual by not collecting revenue due to the clinic or refunding overpayments to patients.<sup>3</sup></p>	<p>The department should assess the current workload for existing staff, allocate reasonable resources, and set timelines to address identified exceptions.</p> <p>The department should review the management and monitoring reports periodically to assure that reasonable progress is made to address identified exceptions.</p> <p>Before swipe authorization occurs, faculty should perform reasonable quality control and require residents/students to provide supporting documents that verify patient visits match patient service dates entered into axiUm to avoid error.</p> <p>Additionally, consider authorization swipe to be done by full time faculty as opposed to infrequent scheduled attending faculty.</p>	<p>By November 30, 2015, Perio will:</p> <ul style="list-style-type: none"> <li>• Identify resources and priorities to meet the established procedures for reviewing and addressing monitoring reports.</li> <li>• Establish and communicate a new quality assurance process for verification of accurate patient service date entered into axiUm before authorization swipe is performed.</li> <li>• Assess if designated faculty can perform swipe authorization on behalf of the attending faculty to ensure more timely approval of charges for billing purposes.</li> </ul>

<sup>3</sup> Title 42 of the Code a days of identification; UC Accounting Manual: Medical Centers: Patient Account Receivables H-576-60, III.C. Initiate the Refund Procedures

No.	Observation	Risk/Effect	Recommendation	MCA
	<ul style="list-style-type: none"> <li>• Credit Balances – 897 credit balances from the Unallocated Payment Report totaling \$127K remained outstanding and have not been reviewed to determine whether balances represent overpayments by patient or insurance and should be refunded, or deposit for future treatments or incorrect posting. The credit balances were dated between July 2011 and March 2015.</li> <li>• Accounts Receivable Aging Report – 3,250 items from the February 2015 report totaling \$315K remained outstanding and has not been reviewed due to a lack of staff resources. Self-payments totaling \$147K and commercial payments totaling \$38K were aged more than 120 days as of February 2015.</li> <li>• Allocations from Another Clinic Report – 81 transactions totaling \$6K from January 2014 to March 10, 2015 remained outstanding and were not reviewed due to errors that needed to be corrected by the Pre-doctoral Clinic. Pre-doctoral Clinic and Perio has since reviewed and addressed the 81 allocations during the course of this review.</li> </ul> <p>Department procedures state that review of these reports and appropriate actions should be taken in a timely manner.<sup>2</sup></p>		<p>Consider updating the policy to require charges to be entered into axiUm within 24 hours after services is completed, not within 10 days per policy.</p>	<ul style="list-style-type: none"> <li>• Consider reducing the policy criteria of charge entry to 24 hours after completion of services.</li> </ul>

<sup>2</sup> SOD Financial Policies stated the following: (a) Accounts Receivable: Accounts over 120 days are reviewed within 90 days and documented in Axiom. (b) Allocation from Another Clinic: The report will be reviewed monthly and documented by both the billing staff and the Clinic Manager. These monies should be journalized and allocated by the appropriate clinic within 60 days. (c) The staff is also provided access to run the report Ad Hoc and expected to work the report daily. The Unallocated report is to be reviewed monthly both the billing staff and the Clinic Manager. (d) Unallocated Payment: The Periodontal Specialty Clinic will clear outstanding unallocated payments dating prior to 2008 and refund or credit back those amounts (CBA adjustment code) to the patient's account for future use in the clinic.

No.	Observation	Risk/Effect	Recommendation	MCA
4	<p><b>Professional allowances (discounts) did not have formal written approval from the Director as required by policy or were incorrectly categorized.</b></p> <p>Reviewed five of the 13 professional allowance adjustments from July 2014 to December 2014 identified the following:</p> <ul style="list-style-type: none"> <li>• Three professional allowances totaling \$4,334 did not have documented authorization by the Clinic Director within axiUm. These charges were related to patient dissatisfaction or patient discount and are recorded under faculty discount.</li> <li>• Two write-off items related to study patient and educational discount, totaling \$497 were incorrectly categorized as professional allowances. The charges should have been categorized separately such as write-off patient study.</li> </ul> <p>SOD Financial Policies state “Clinic Directors/Department Managers have the authority to authorize an adjustment or discount to a charge on a patient’s account. A written or email authorization is needed before the Financial Assistant or Clinic Coordinator posts and document the adjustment in the transaction notes in Axium.”</p>	<p>Professional allowances (discounts) may be given without proper authorization.</p> <p>Incorrectly categorizing adjustments may impact financial reporting accuracy and tracking.</p>	<p>The discount policy was under review by SOD Policy Committee at the time of this review.</p> <p>For future professional allowances, Director approval should be documented in axiUm.</p> <p>The department should identify the appropriate adjustment code for study patients, update existing procedures, and communicate requirements to relevant staff.</p>	<p>By September 30, 2015, Perio will:</p> <ul style="list-style-type: none"> <li>• Implement a process to ensure written approvals are documented in axiUm for discounts that are exceptions to the policy.</li> <li>• Provide definitions and examples within the established SOD Financial Policies to assist clinic personnel to accurately and consistently apply adjustment codes across clinics.</li> </ul>



**APPENDIX A**

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

- Reviewed prior SOD internal audit reports and UC/clinic financial policies;
- Reviewed clinic financial reports to understand source funding and net positions;
- Provided and reviewed internal control questionnaire responses from the department;
- Interviewed key personnel and performed walkthroughs of cash deposits, patient registration, and billing to obtain details of processes;
- Selected and reviewed reconciliation documents to determine if cash receipts were properly accounted and if cash discrepancies, voids, and refunds were accompanied by documentation and appropriate approvals and justifications;
- Determined appropriate segregation of duties among cash collection, deposit preparation, and general ledger verifications;
- Verified background check records and training completion for cash handlers as required;
- Reviewed and assessed timeliness of monitoring reports being used at the clinic for management of patient accounts including Unallocated Payments, Missing Charges, Unapproved Treatment, Allocation from Another Clinic, Credit Balance, Aging, and Clearing House pre-submission errors;
- Requested additional reports for assessment of patient registration including Chart Audit and missing key information;
- Reviewed appropriateness of adjustment transactions including refunds, reversals, and small balance write-offs; and,
- Consulted with NIS on axiUm system capabilities for automation and required field's configuration.