

July 16, 2025

MIGUEL (MIKE) VIGO  
Chief Revenue Cycle Officer  
UCSD Health  
8911

**Subject:        *Hospital Late Charges  
Report 2025-12***

The final report for Hospital Late Charges 2025-12, is attached. We would like to thank all members of the department for their cooperation and assistance during the review.

Because we did not have any audit findings or additional recommendations, a formal response to the report is not requested.

UC wide policy requires that all draft reports be destroyed after the final report is issued. We also request that draft reports not be photocopied or otherwise redistributed.

Christa Perkins  
Director  
Audit & Management Advisory Services

Attachment

cc:	Gintare Ambotaite	Shenethia Manuel
	Alexander Bustamante	Erika Martinez
	John Carethers	Patty Maysent
	Heather Davidson	Keri Oxley-Whitehead
	Rina Davison	Brandon Rhodes
	Lori Donaldson	Blake Seidel
	Maureen Harrigan	Ron Skillens

# UC San Diego

## AUDIT & MANAGEMENT ADVISORY SERVICES

Hospital Late Charges  
Report No. 2025-12  
July 2025

### FINAL REPORT

**Performed By:**

Laurie Ward, Senior Auditor  
Paul Young, Principal Auditor  
John Teevan, Manager

**Approved By:**

Christa Perkins, Director

---

**TABLE OF CONTENTS**

---

I. EXECUTIVE SUMMARY ..... 1

II. BACKGROUND..... 2

III. AUDIT OBJECTIVE, SCOPE, AND PROCEDURES ..... 3

IV. CONCLUSION..... 4

V. SUPPORTING COMMENTS ..... 6

---

## I. EXECUTIVE SUMMARY

---

Audit & Management Advisory Services (AMAS) has completed a review of Hospital Late Charges as part of the approved audit plan for Fiscal Year (FY) 2024-25. The objective of our review was to assess whether internal controls for late charges for UCSDH hospital-based services and procedures provide reasonable assurance that operations are effective.

Based on our review, we concluded that internal controls for hospital late charges for UCSDH hospital-based services and procedures can be further enhanced to provide reasonable assurance that operations are effective. During our review, we noted that UCSDH Management was actively addressing the challenges with hospital late charges with a number of plans and goals in process. Some areas, such as Interventional Radiology (IR) and Dialysis, displayed notable improvements due to changes in workflow or billing processes during this timeframe, and issues in Radiation Oncology appear to be primarily related to a system interface issue which is being addressed. Lab Services also has several improvements in process, and recently engaged a consultant on this topic. As a result of the improvements that are planned and in process, we did not have additional recommendations to offer at this time beyond those which are already planned. We will consider revisiting hospital late charges in the future to evaluate the effectiveness of these changes and determine if additional improvements may be recommended.

Overall the amount of late charges totaled approximately \$62 million for the period from July 2024 through May 2025<sup>1</sup> and was less than 1% total UCSDH charges. We determined that the available reporting is effective since the Tableau dashboard is accurate to facilitate management monitoring of HB late charges.

Notably, Dialysis was an area identified as a high risk area; however, late charges significantly decreased as of March 2025, following the discontinuation of outside billing as of June 30, 2024. Additionally, IR has shown significant improvement under new management, with increased compliance with physician documentation, with some continuing persistent challenges with physician dictation.

Based on discussions with clinical and Revenue Cycle management and other personnel, we noted several opportunities for enhancement in internal controls for minimizing late charges within Lab Services, Radiation Oncology and IR. These departments are actively working on implementing changes within their control and developing a plan to address other areas of concern. To further enhance their internal controls, additional steps are still expected by management and are detailed further in the Conclusion and Supporting Comments of this report.

Detailed comments supporting our Conclusion for each area are discussed in the Supporting Comments of this report.

---

<sup>1</sup> Per HB Late Charges Dashboard.

---

## II. BACKGROUND

---

Audit & Management Advisory Services (AMAS) has completed a review of Hospital Late Charges as part of the approved audit plan for Fiscal Year (FY) 2024-25. This report summarizes the results of our review.

Late charges in the hospital environment generally result from billing entries added to a patient's Hospital Billing (HB) account either 1) for physicians and/or providers billing after 24 to 72 hours from the date of service for inpatient and outpatient encounters or 2) for coders and/or billers after the minimum days<sup>2</sup> threshold has passed. These typically result from services, medications, or supplies that were provided during the hospital stay but were not documented or entered into Epic<sup>3</sup> timely. Late charges can occur due to delays in clinical documentation, coding, or communication between departments.

While some late charges are legitimate, excessive or recurring late charges can raise concerns about billing accuracy, compliance with payer requirements, and financial reporting. Delays in charge posting can result in missed revenue opportunities due to incomplete claims, additional staff rework or to correct and/or update claims, and an increase in patient account denials, adjustments, and write-offs due to timely filing limits. As mentioned above, a late charge occurs within the Epic patient account when a charge is posted by coders or billers after the claim has been submitted, specifically after the minimum allowed days have elapsed: six days from discharge for inpatients and seven days from the date of service for outpatients. These late charges need to be monitored closely to ensure timely, accurate billing and to avoid potential challenges with insurance reimbursements or audits.

University of California San Diego Health (UCSDH) and all of its affiliate businesses are covered by UCSDH Policy ([UCSDHP 725.1 Late Charge Policy](#)<sup>4</sup>) to ensure the timely and accurate processing of charges for appropriate reimbursement and to associate accurate costs with the services rendered. Revenue Cycle and its Revenue Integrity and Patient Financial Services (PFS) teams have made reducing HB late charges a priority. Revenue Integrity has implemented an HB Late Charges Dashboard<sup>5</sup> for management to utilize as a tool to monitor monthly late charges. Departments have reports and work queues (WQ) to help monitor daily charge activity. UCSDH Policy ([UCSDHP 725.1 Late Charge Policy](#)) has recently been revised and implemented effective February 25, 2025 including:

- Updated write-off dollar threshold to any late charge under \$50;
- Required approvals from Revenue Integrity Director and Chief Revenue Officer to post charges older than 45 days;
- Reduction in min days for outpatient claims from eight days to seven days; and,
- Updated consequences for core deficiencies related to Inpatient encounters.

[UCSDHP 725.1 Late Charge Policy](#) states that charges are:

---

<sup>2</sup> Commonly referred to as "min days," which is the minimum amount of time from when a patient is discharged to when the bill is dropped, and a claim is sent to the payer.

<sup>3</sup> The Electronic Medical Record (EMR) system utilized by UCSDH.

<sup>4</sup> This institutional policy applies to all parts of UCSD Health Sciences which report to the Vice Chancellor of Health Sciences (VCHS).

<sup>5</sup> <https://analytics.health.ucsd.edu/#/site/UCSD/views/HBLateChargeDashboard/HBLateChargeDashboard?iid=1>

- A. Entered within twenty-four (24) hours for Inpatient encounters and twenty-four (24) to seventy-two (72) hours for ambulatory encounters of the date the services are rendered; or
- B. Submitted to an ancillary billing information system within twenty-four (24) to seventy-two (72) hours of the date of service;
- C. Posted by Coders past UCSD's allowed min days;
- D. Accurately identified/posted to the correct patient account or encounter number.

Any charges past these timeframes would be considered late for Physicians/Providers and/or Coders/Billers.

As of May 31, 2025, for FY25 to Date, the UCSDH Revenue Cycle: HB Late Charge Dashboard tool implemented by Revenue Cycle shows total late charges of \$61.73 million, or 0.5% of total charges of \$12.98 billion. Late charges range from 0.3% to 0.7% of total monthly charges over those 11 months of FY2024-2025. MUC Radiation Oncology has the single highest dollar amount of late charges for a cost center, with Lab Services, in particular the Hillcrest Pathology Lab and the UC Genomics Lab, following as the 2<sup>nd</sup> and 3<sup>rd</sup> highest.

The following table summarizes the Fiscal Year (FY) 2024-2025 between December 1, 2024 and May 31, 2025 HB late charges for the top 10 highest late charge cost centers:

Cost Center	Count	% Count	Amount	% Amount
<b>MUC Radiation Oncology (186)</b>	1,211	1.5%	\$9,010,618	25.6%
<b>Hillcrest (HC) Pathology Lab (723)</b>	22,741	28.3%	\$6,898,962	19.6%
<b>UC Genomics Lab (179)</b>	4,732	5.9%	\$5,480,899	15.6%
<b>SCVC Cardiac Catherization (240)</b>	707	0.9%	\$1,694,721	4.8%
<b>KOP Urology Clinic (315)</b>	433	0.5%	\$1,672,391	4.7%
<b>UC Send Out Lab (791)</b>	10,101	12.6%	\$1,338,804	3.8%
<b>UC Calm ITL Lab (731)</b>	1,104	1.4%	\$1,251,068	3.6%
<b>La Jolla (LJ) Interventional Radiology (203)</b>	368	0.5%	\$1,174,837	3.3%
<b>UC Medicine Genetics Lab (181)</b>	6,228	7.8%	\$1,020,999	2.9%
<b>HC LDRP (705)</b>	110	0.1%	\$803,828	2.3%
<b>All Other Cost Centers</b>	32,547	40.5%	\$4,875,413	13.8%
<b>TOTAL</b>	<b>80,282</b>	<b>100%</b>	<b>\$35,222,540</b>	<b>100%</b>

### III. AUDIT OBJECTIVE, SCOPE, AND PROCEDURES

The objective of our review was to assess whether internal controls for late charges for UCSDH hospital-based services and procedures provide reasonable assurance that operations are effective. The scope of our review includes HB late charges with a transaction date between July 1, 2024 and May 31, 2025. Our review focused on departments with the highest volume and amount of late charges posing the highest risk to the loss of revenue: Radiation Oncology, Lab Services, Interventional Radiology (IR) and Dialysis.

In order to achieve our objective, we performed the following:

- Reviewed the applicable [UCSDHP 725.1 Late Charge Policy](#) revised February 25, 2025;
- Obtained an understanding of the Dialysis, Interventional Radiology and Lab Services billing processes and how late charges occur;
- Interviewed the following:
  - Chief Revenue Cycle Officer, UCSDH;
  - Director, Patient Financial Services (PFS), Revenue Cycle;
  - Supervisor, HB & Revenue Integrity;
  - Director, Revenue Cycle Strategy;
  - Manager, Revenue Cycle/Continuous Improvement Business Analytics;
  - Director, Decision Support & Revenue Cycle Reporting;
  - Senior Director, Imaging & Radiology Services;
  - Director, Manager and Clinical Technician, Lab Services;
  - Administrative Director, Laboratory Services, UCSDH Center for Advanced Laboratory Medicine; and,
  - Consultant, Senior Managing Consultant, Berkley Research Group (BRG);
- Obtained the underlying HB late charge data from Epic for the time period July 1, 2025 through March 31, 2025 and compared the data to the Tableau dashboard for HB Late Charges used as a management tool to monitor HB late charges to determine if the dashboard accurately represented the data;
- Performed data analytics using data provided by Revenue Integrity of all HB late charges from July 1, 2025 through March 31, 2025 to evaluate late charge activity relative to amount used for write-offs of late charges as well as trends and patterns in the data;
- Reviewed and analyzed external BRG Consultant findings, recommendations and summary reports in relation to information gathered during our review;
- Evaluated use of Epic WQs for management of late charges, including walkthrough of WQs with Lab staff to confirm processes; and,
- Judgmentally selected a sample of 10 charges from Radiation Oncology and Lab Services to determine the root cause and corrective steps taken.

---

## IV. CONCLUSION

---

Based on our review, we concluded that internal controls for hospital late charges for UCSDH hospital-based services and procedures can be further enhanced to provide reasonable assurance that operations are effective. During our review, we noted that UCSDH Management was actively addressing the challenges with hospital late charges with a number of plans and goals in process. Some areas, such as IR and Dialysis, displayed notable improvements due to changes in workflow or billing processes during this timeframe, and issues in Radiation Oncology appear to be primarily related to a system interface issue which is being addressed. Lab Services also has several improvements in process, and recently engaged a consultant on this topic. As a result of the improvements that are planned and in process, we did not have additional recommendations to offer at this time beyond those which are already planned. We will consider revisiting hospital late charges in the future to evaluate the effectiveness of these changes and determine if additional improvements may be recommended.

Overall the amount of late charges totaled approximately \$62 million for the period from July 2024 through May 2025<sup>6</sup> and was less than 1% total UCSDH charges. We determined that the available reporting is effective since the Tableau dashboard is accurate to facilitate management monitoring of HB late charges.

Our analysis, based on data analytics performed utilizing detailed HB late charge activity from July 1, 2024 through March 31, 2025, concluded that the recently updated \$50 threshold for write-offs of late charges appears reasonable, given the distribution of late charge amounts across various departments. This analysis indicates that a significant portion of late charges across different departments, including IR, Radiation Oncology, and all other HB categories, are under \$50. Specifically, the data shows:

- IR has a high percentage of late charges under \$50 (71.6%);
- Radiation Oncology also shows a significant percentage of late charges under \$50 (44.5%); and,
- All other HB categories have a substantial proportion of late charges under \$50 (59.8%).

Notably, Dialysis was an area identified as a high risk area; however, late charges significantly decreased as of March 2025, following the discontinuation of outside billing as of June 30, 2024. Additionally, IR has shown significant improvement under new management, with increased compliance with physician documentation, with some continuing persistent challenges with physician dictation.

Based on discussions with clinical and Revenue Cycle management and other personnel, we noted several opportunities for enhancement in internal controls for minimizing late charges within Lab Services, Radiation Oncology and IR. These departments are actively working on implementing changes within their control and developing a plan to address other areas of concern. To further enhance their internal controls, additional steps are still expected by management, including the following:

- Continued development of an Epic build to proactively flag lab tests that, by their nature, exceed policy-defined turnaround times, so they are eliminated from late charge reports when compliance is not feasible;
- Collaborating with Information Services working with Epic to identify issues related to lab charges posting to WQs without a valid Hospital Account Record (HAR);
- Department collaboration with vendors on interface issues, since policy requires that all interfaced systems/modules must be designed to capture required charge entry data elements and must be submitted daily or on schedules agreed upon with Information Services;
- Staff training for processing accurate and timely charges;
- Provider/physician training on the importance of timely documentation;
- Implementing a process for managing consequences of core deficiencies in inpatient encounters, assigning a point person to enforce consequence policies and drive accountability;
- Streamlining the lab charge processes by minimizing manual data entry and review, leveraging automation and digital tools to enhance efficiency and accuracy wherever possible.

Detailed comments supporting our Conclusion for each area are discussed in the balance of the report.

---

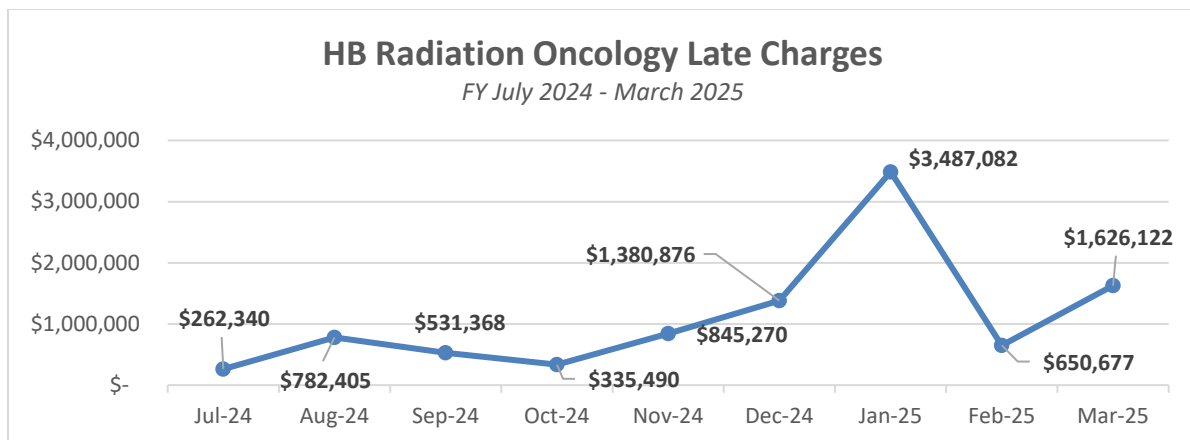
<sup>6</sup> Per HB Late Charges Dashboard.

## V. SUPPORTING COMMENTS

### Radiation Oncology

Radiation Oncology has faced challenges in adhering to the [UCSDHP 725.1 Late Charge Policy](#), specifically with regards to entering charges within the allowed timeframe of seven days for outpatient and six days for inpatient services. The MUC Radiation Oncology cost center (cost center 186) has the single highest total amount of late charges for Radiation Oncology overall with \$9.0 million for the most recent six month period of December 2024 through May 2025, while East Campus Center (ECC) (cost center 283) and Radiation Oncology Clinic (cost center 198) are significantly less with \$320K and \$1K, respectively.

We noted that over the last fiscal year, Radiation Oncology has experienced an upward trend in late charges, as shown in the graph below. UCSDH Management is aware of an issue with the billing interface between ARIA, the billing module used by Radiation Oncology, and Epic, as well as physician documentation delays. It has been communicated to AMAS that Revenue Cycle Management is collaborating with the clinical and Information Services teams to analyze the known issues, including optimizing the system interface and ensuring that charges are transmitted to Epic in a timely manner, and working with physicians to streamline documentation processes and implement consequences per the UCSDH Late Charge Policy.



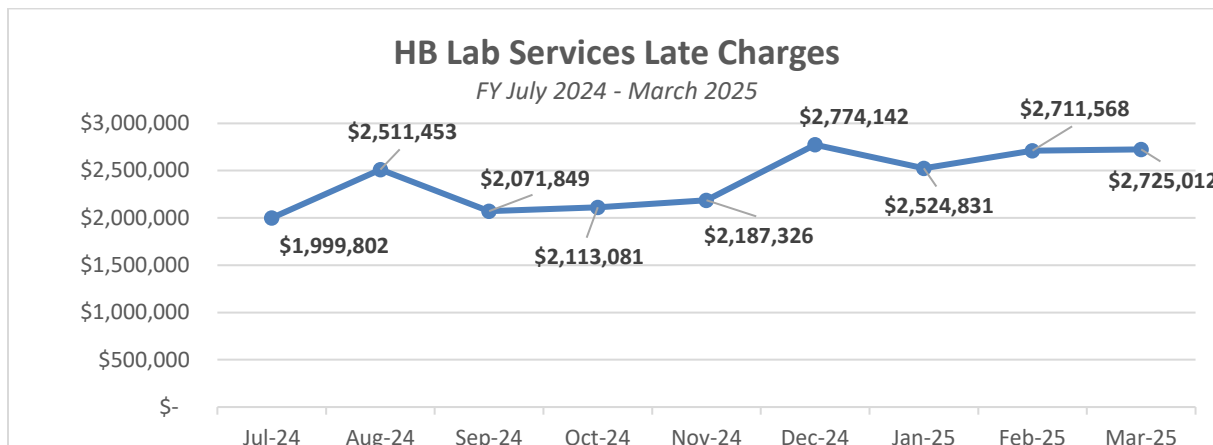
Of note, our analysis of five randomly selected late charges from Radiation Oncology revealed they were all late due to delayed posting from the ARIA interface and also late physician documentation.

By addressing these challenges and implementing effective solutions, Radiation Oncology can improve its compliance with the UCSD Late Charge Policy, reduce the administrative burden on the PFS team, and ensure that payments are processed in a timely manner.

### Lab Services

Over the last six months of December 2024 through May 2025, in Lab Services, the HC Pathology cost center (cost center 723) has had the second highest amount of late charges over all UCSDH cost centers and the highest among Lab Services at \$6.9 million. The Genomics Lab is the next highest with \$5.5 million in late charges over the same 6 month period. Over the last fiscal year, Lab Services has

experienced a slight upward trend in overall late charges. A review of the trend of late charges from July 2024 to March 2025 is shown in the graph below:



Lab Services Management is collaborating with their clinical team and Revenue Cycle to identify root causes and determine next steps. Lab Services Management has worked with an external consulting firm, BRG and identified the primary areas of root causes impacting late charges including staffing challenges, charge entry process errors, and system interface challenges, as well as overall delays in the timing charge entry at result instead of administration for send out tests and reference labs. Specifically, Lab Services Management communicated challenges to AMAS in certain clinics where charges were not processing correctly due to errors in charge input and handling within Epic. For instance, Blood Bank charges were being held in the Epic Charge Router, and some charges were not being matched with a HAR, resulting in routing to a WQ for further review and often requiring manual corrections. Although a consultant was engaged to address these challenges, a comprehensive action plan to rectify the problems has yet to be implemented.

Also, Anatomical Pathology is facing challenges with processing samples due to staffing challenges and the time-consuming nature of certain tests. Currently, it takes the lab about a week to process a sample, but the goal is to reduce this timeframe by three days. However, certain tests such as organ transplant tests and genomics tests inherently require longer processing times, with some genomic tests taking up to two weeks to yield results. Lab Services’ billing process is also impacted by these delays, as tests are not charged until results are received and the test is completed. This approach ensures compliance with federal and state regulations, as well as best practices for compliance and revenue integrity, which require services be fully rendered before billed and providers cannot bill for services that have not been completed.

In addition, Lab Services faces challenges with reference lab testing, particularly for low volume tests that are not cost-effective to conduct inhouse due to equipment costs. To address this, Lab Services sends out these tests to external vendors, but the invoicing process is manual and time consuming. Vendor invoices are received only once a month, and one staff member is responsible for manually reviewing and entering each test for accurate charging. This process is prone to errors and inefficiencies.

Of note, our analysis of five randomly selected late charges from Lab Services had varied reasons for lateness. One was due to the inherent nature of the Genomic lab process, which takes longer to result

and bill. The other four Lab Services charges were posted on time but required corrections to the billing process, which caused delays in billing due to the necessary manual procedural steps before posting.

Management is developing an action plan to enhance the processing of charges within Epic. The plan, including areas below, aims to address current challenges and optimize performance.

*The current Lab Services Management plan involves:*

- Exploring how to build as many high dollar and high volume send out tests to get those charges dropped instead of waiting up to a month for the invoice with the charges; and,
- Collaborating with Revenue Integrity and Information Services to develop a comprehensive listing of CPT codes for testing that requires more than seven days to yield results, and design an Epic build to proactively flag lab tests that by their nature, exceed policy-defined turnaround times, eliminating them from late charge reports when compliance is not feasible. Management plans to have this built in Epic second week of July 2025.

*Other areas for improvement being evaluated by Lab Services Management are:*

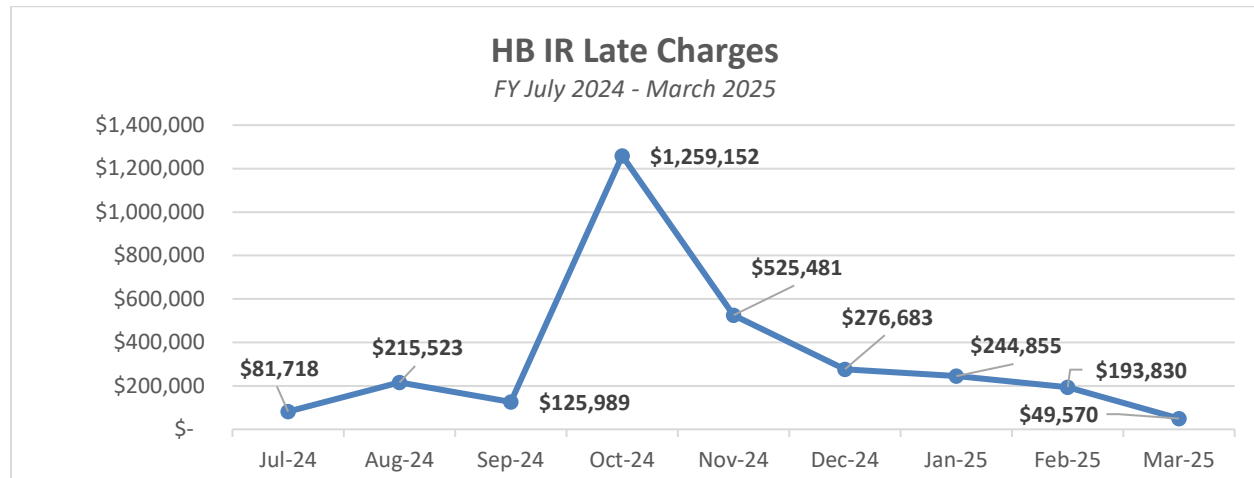
- Staff training for processing accurate and timely charges;
- Collaborate with Information Services working with Epic to identify and rectify challenges related to lab charges posting to WQs without a valid HAR;
- Implementing a process for managing consequences of core deficiencies in inpatient encounters, assigning a point person to enforce consequence policies and drive accountability;
- Departmental collaboration with vendors on interface challenges, since policy requires that all interfaced systems/modules must be designed to capture required charge entry data elements and must be submitted daily or on schedules agreed upon with Information Services; and
- Streamlining the lab charge process by minimizing manual data entry and review, leveraging automation and digital tools to enhance efficiency and accuracy.

### Interventional Radiology (IR)

Between October 2024 and May 2025, IR has improved their late charge volume. The La Jolla IR cost center (cost center 203) has the highest amount of late charges for IR with \$1.2 million, while Hillcrest (cost center 763) and East Campus IR (cost center 421) have considerably less with \$710K and \$82K, respectively. By focusing on controllable tasks, such as dictation and signatures, IR achieved notable improvements in October and November 2024 by streamlining workflow and increasing efficiency, resulting in a substantial reduction in hospital billing late charges.

IR has demonstrated a strong commitment to complying with University policy by posting charges within the min day policy timeframe and reducing monthly hospital billing late charges. The team has made significant progress, decreasing late charges from \$1 million (LJ) and \$611K (Hillcrest) in October 2024 to \$89K and \$112K, respectively, in May 2025. While there is still room for improvement, especially in ensuring the timely submission of professional bills that trigger hospital bills, their numbers have been trending positively. Improved physician compliance with documentation in patient charts on a timely basis has contributed to this progress. In addition, Revenue Integrity has routed all IR charges to a WQ for their review in order to make sure the charge is correct prior to sending out.

Management is collaborating with the team to ensure expectations are set, barriers are addressed and consequences are implemented. A review of the volume of late charges trend from July 2024 to March 2025 is illustrated in the graph below:



As of early October 2024, IR radiologists now have traditional dictation workflows, similar to those used by diagnostic radiologists, which flow through Visage, the application used by radiologists to view images and perform dictation. This updated workflow is more streamlined, eliminating the need to complete separate procedure notes, as was required in the previous workflow. The Senior Director can monitor and IR Technical leaders can now efficiently manage these workflows, monitoring studies in queue, tracking their duration and assigning cases to staff members to ensure timely completion. Their workflows are now a daily priority for staff in Visage, allowing more efficient and organized work processes.

Also, the related WQ (#14797) is now primarily managed by the coding team, rather than the clinics. Once a report is finalized, it is sent to the coding WQ, where it may be delayed depending on the coding group's workload. If additional documentation is needed, the coder will send a note to IR to take action. IR focuses on tasks within their control, such as dictation and signature, and most accounts related to IR on this WQ are those awaiting clinician dictation and are under seven days old.

The BRG Consultant has specifically completed their engagement time with IR, and no further involvement is expected, as the new workflow appears to be functioning appropriately. BRG was focused on reconciling reporting, and IR has since moved to this new process.

As noted above, with new management and new processes, IR has seen a significant decrease in the number and total amount of late charges, improving the overall billing process and reducing potential financial losses for UCSDH. UCSDH Management utilizes the new tools available including the summary dashboard in Tableau with an analytics scorecard that is used by staff and IR technicians. There is also a widget on the dashboard that shows study turnaround time and if the IR performance is starting to slip as well as the distribution of studies needing dictation so the Senior Director can identify concerns and address them promptly.

Efforts are underway to refine the dictation process, with the goal to improve completeness and timeliness of charge capture, which will reduce late charges and the administrative burden on the PFS team.

Dialysis

The Chronic Dialysis department, part of the Nephrology program at UCSDH, faced challenges with delayed charges due to outsourced billing and verification processes. Specifically, the billing was outsourced and the vendor was not submitting bills on time, which caused delays. Additionally, UCSDH Revenue Integrity had a procedure of holding charges in order to verify there were no errors before being sent out.

As of August 1, 2024, UCSDH PFS assumed billing for July 2024 charges, addressing some of these challenges. The outside vendor remains responsible for collecting old accounts acquired during their contracted services.

There was a steep learning curve for the UCSDH PFS team to learn how to bill for Dialysis since it is very specialized, consequently there were more late charges through November 2024, but since that timeframe the late charge trend has drastically been reduced. In November 2024, there was \$2.0 million in late charges due to the learning curve for billing and in March 2025 the amount was reduced to \$7K. PFS is now caught up with billing and charges are generally current. See the graph below for the late charges trend from July 2024 to March 2025:

