July 13, 2012

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Co-Chair  
Medication Billing Compliance Steering Committee  
0657

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Subject: UC San Diego Health System  
Medication Billing Compliance Steering Committee  
Audit & Management Advisory Services Project 2012-11

The final audit report for UCSDHS Medication Billing Compliance Steering Committee; Project 2012-11 is attached. Audit & Management Advisory Services appreciated the opportunity to support this important project. Please distribute this report to other members of the Steering Committee as you feel is appropriate.

UC wide policy requires that all draft audit reports, both printed and electronic, be destroyed after the final report is issued. Because draft reports can contain sensitive information, please either return these documents to AMAS personnel, or destroy them. AMAS also requests that draft reports not be photocopied or otherwise redistributed.

Terri Buchanan  
Interim Assistant Vice Chancellor  
Audit & Management Advisory Services

Attachment

cc: M. Baggett  
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P. Viviano
AUDIT & MANAGEMENT ADVISORY SERVICES

UC San Diego Health System
Medication Billing Compliance
Steering Committee

July 2012

Performed By:
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Unita Herrick, Auditor

Approved By:
Terri Buchanan, Interim Assistant Vice Chancellor

Project Number: 2012-11
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Attachment A: Pharmacy Billing Process Flowcharts
I. Background

Audit & Management Advisory Services (AMAS) participated on the Pharmacy Medication Billing Compliance Steering Committee as part of the approved audit plan for Fiscal Year 2011-12. This report provides an overview of the Committee and its achievements during this Fiscal Year.

The Center for Medicare and Medicaid Services (CMS) implemented the Recovery Audit Contractor (RAC) Program as mandated by the Tax Relief and Health Care Act of 2006, Section 302. The stated Program mission is: To detect and correct past improper payments so that CMS, insurance carriers, fiscal intermediaries and Medicare Audit Contractors (MACs) can implement actions that prevent future improper payments; providers can avoid submitting claims that do not comply with Medicare rules, and CMS can lower its overall payment error rate.

Several specific issues related to pharmacy charge capture and billing processes have been identified as areas of RAC Program audit focus, including excessive medication units billed for chemotherapy and non-chemotherapy infusion services, and intravenous hydration. UCSD medication charge capture is complex due to a reliance on different information systems and processes, which are dependent upon the accuracy of clinical documentation for medication ordered, dispensed, and administered, and the accuracy of a variety of product billing codes. Medication charge capture errors can occur within pharmacy processes and electronic systems, or can result from incorrect data entry, and/or the selection of inappropriate HCPCS codes; or the recording of inaccurate dosage units during manual charge capture processes in patient care areas.

To gain an understanding of the scope and direction of RAC projects, UC San Diego Health System (UCSDHS) Clinical Pharmacy (Pharmacy) management contacted colleagues, and attended a presentation by the University of Utah in September 2010 to determine how these issues were being addressed by other institutions with similar operations. With input from those sources, the following guiding principles for achieving medication billing compliance at UCSDHS were adopted:

- Create a proactive program for detecting and remediating medication billing errors
- Coordinate with other departments and resources
- Develop internal expertise
- Identify risk points and address them during Pharmacy internal audits
- Improve medication database integrity
- Address problems systematically

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1 Section 302 requires that a permanent, national RAC Program be implemented no later than January 1, 2010; and allows CMS to pay RAC Program contractors on a contingency fee basis.
As one of the first steps to addressing medication billing risks, Pharmacy management convened the Medication Billing Compliance Steering Committee (Steering Committee) in July 2011. The charge to the Committee was to \textit{evaluate and improve medication billing activities across the organization to ensure compliance with local, state and federal regulations}. Pharmacy management invited the following stakeholders to participate in Steering Committee activities:

- Charles Daniels; Pharmacist-in-Chief (Co-Chair)
- Joanna, Lamott; Assistant Director, Clinical Pharmacy (Co-Chair)
- Margarita Baggett; Interim Chief Operations Officer and Chief Nursing Officer
- Kevie Naughton; Health Science Chief Compliance and Privacy Officer
- Betsy Grossman, Director of Revenue Cycle Administration
- Dr. Josh Lee; Director of Clinical Information Systems
- Martha Hopkins; Director of Health Information Services
- Suzanne Forrest; Health Sciences Professional Fee Billing Compliance Manager
- Katherine Brewster; Director of Ambulatory Care Operations
- Terri Buchanan; Audit & Management Advisory Services Manager

During its initial meeting, the Steering Committee identified and prioritized the following patient care areas for focused review:

<table>
<thead>
<tr>
<th>Priority</th>
<th>Patient Service Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Ambulatory Clinics (physician administered medications and vaccines)</td>
</tr>
<tr>
<td>2.</td>
<td>Infusion Centers</td>
</tr>
<tr>
<td>3.</td>
<td>Hospital Inpatient Services</td>
</tr>
<tr>
<td>4.</td>
<td>Emergency Rooms³</td>
</tr>
<tr>
<td>Second</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Procedures (i.e. Moores Cancer Center and Pain Clinic)</td>
</tr>
<tr>
<td>2.</td>
<td>Pharmacy Home Infusion Service</td>
</tr>
<tr>
<td>3.</td>
<td>Retail Pharmacies</td>
</tr>
<tr>
<td>4.</td>
<td>Affiliated Clinics (i.e. San Diego Cancer Center)</td>
</tr>
<tr>
<td>5.</td>
<td>Research</td>
</tr>
<tr>
<td>Third</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Ambulatory Dialysis</td>
</tr>
<tr>
<td>2.</td>
<td>Hemophilia Treatment Center</td>
</tr>
<tr>
<td>3.</td>
<td>Imaging Services</td>
</tr>
<tr>
<td>4.</td>
<td>Pharmacy eRecovery Program</td>
</tr>
<tr>
<td>5.</td>
<td>UCSD Student-Run Free Clinic Program</td>
</tr>
</tbody>
</table>

II. \textbf{Audit Objectives, Scope, and Procedures}

The objectives of our participation on the Steering Committee were to provide internal control expertise during Committee discussions; and assist with the creation of

³ The Emergency Rooms implemented Epic on June 4, 2012. As of that date, the Emergency Room medication billing process was similar to the process in the Hospital Inpatient Service areas.
medication billing process flowcharts. The scope of the project included charge capture and billing processes in place during Fiscal Year 2011-12.

AMAS completed the following activities to achieve the project objective:

- Reviewed the Tax Relief and Health Care Act of 2006, Section 302 requirements;
- Attended Steering Committee meetings held in August, October and November 2011;
- Attended billing process discussions with Pharmacy personnel to document the process steps for billing medications in the following patient care areas: Infusion Centers, Emergency Room, Hospital Inpatient Floors, and Ambulatory Clinics;
- Prepared draft process flowcharts for the those areas included above that identified process strengths and weaknesses for further evaluation by the Steering Committee (Attachment A); and,
- Reviewed the results of a Pharmacy billing review completed by the Health Sciences Compliance Office in January 2012.

### III. Conclusion

The Medication Billing Compliance Steering Committee achieved its initial goals during Fiscal Year 2011-12. The following table provides an overview of the project tasks and status:

<table>
<thead>
<tr>
<th>Month/Year</th>
<th>Project Task</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 2011</td>
<td>Prioritize patient service areas for focused review based on perceived risk</td>
<td>Completed August 1, 2011</td>
</tr>
<tr>
<td>September 2011</td>
<td>Develop draft flowcharts at Pharmacy Work Group meetings</td>
<td>Completed October 31, 2011</td>
</tr>
<tr>
<td>October 2011</td>
<td>Review and revise medication billing process flowcharts</td>
<td>Completed November 9, 2011</td>
</tr>
<tr>
<td>October – November 2011</td>
<td>Form a Medication Billing Audit Work Group to identify the audit scope; Finalize medication billing process flowcharts Assign accountability for remediating Ambulatory Care process weaknesses identified in the flowcharts</td>
<td>Completed November 21, 2011</td>
</tr>
<tr>
<td>January 2012</td>
<td>Complete a medication billing audit for a sample of Ambulatory Care claims; Prepare an update of Work Group activities for the Steering Committee</td>
<td>Completed January 20, 2012</td>
</tr>
<tr>
<td>April 2012</td>
<td>Forward the Ambulatory Care medication billing audit findings to the Steering Committee</td>
<td>Completed April 24, 2012</td>
</tr>
<tr>
<td>July 2012</td>
<td>Complete medication billing audits for Hospital Inpatient Services, Infusion Centers and Emergency Rooms</td>
<td>Pending completion</td>
</tr>
</tbody>
</table>
Accountability for strengthening weak process controls identified in the Ambulatory Care medication billing process flowchart was discussed and approved by the Steering Committee on November 21, 2011. The process controls weaknesses identified for Hospital Inpatient Services, Infusion Centers and Emergency Rooms will be discussed at the Steering Committee meeting planned for summer 2012.

The Ambulatory Care audit findings did not identify inaccurate or erroneous medication charges. However, 10 of 21 claims in the audit sample had missing medication charges. The primary reason that charges were not submitted was that the facility administered medication workflow was not followed. Pharmacy and Ambulatory Care managements will be communicating that finding to clinic managers and providing additional training to clinic staff responsible for submitting medication charges as needed.

Similar claim audits of medications provided in Hospital Inpatient Services, Infusion Centers, and Emergency Rooms\(^4\) are scheduled to be completed in Fiscal Year 2012-13. After those audit results are analyzed, the Steering Committee will determine the process for evaluating the additional patient care areas that were designed as priority two or three. AMAS will continue to support the Steering Committee until all planned activities are completed.

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\(^4\) Because the Emergency Room billing process changed when Epic was implemented on June 4, 2012, the audit of that area may be delayed to include Fiscal Year 2012-13 charge transactions to test the new process.
Ambulatory Care Medication Billing Process
Facility Administered Medications

**Clinic**
- Clinic stores drugs in Pyxis
- Clinic stores drugs in cabinet
- Provider associates drug with diagnosis/problem

**Pharmacy**
- Pharmacy provides drugs to clinics
- Provider associates drug with diagnosis/problem

**EPIC**
- Provider orders drugs in EPIC

**Internal Control Strength**
- Increased patient safety
- Decreased chance for inappropriate med/dose.

**Internal Control Weakness**
- Not documented or documented late
- NDC # documented was not NDC# purchased by Pharmacy accurately
- Charge capture is not forced

**Notations**
- *PRM = Pharmacy Review Medication
- Charge capture for Med Administration charge
- Drug administration may not be documented
- Medication administration charge can be submitted without the drug charge for patient supplied meds
- Drug master file build not current, NDC for available drug does not default.

**Process Flow**
- Clinic stores drugs in Pyxis
- Clinic stores drugs in cabinet
- Provider associates drug with diagnosis/problem

**Review**
- PRM

**Penalty**
- Penalty for number of open encounters

**Control Indicators**
- C

**Licensed Clinic?**
- Yes
- No

**Attachment A.1**
Page 1
**The drug administration is included in evaluation and management visits**

**Separation of duties**

The medication administration charge could be deleted if (1) the physician is from an unlicensed clinic but administered a drug in a licensed clinic or (2) if the patient supplied the drug and the administration is not documented.

Management is not able to view medication charges in billing queues.

Drug prices are hard coded in the charge dictionary and charge increases may be missed.

Drug prices are hardcoded prices in the Charge Description Master (CDM) at 1.5X AWP. Cost increases may not be reflected in the charge.

New drugs may not have a code assigned in the CDM, so the drug charge would not be included on the claim.

National Drug Code (NDC)# on claim may not be the same as the NDC# on the prescription.
Infusion Center Medication Billing Process

**Internal Control Strength**

Timing of notification to patient should occur prior to infusion appointment.

**Internal Control Weakness**

A patient is not scheduled unless a tx has been prepared.

**Infusion Scheduling**

1. Provider sees patient and determines therapy.
2. Provider or Case Manager enters an Infusion Center Service request electronically in Epic.
3. Authorization Unit requests authorization for Tx.
4.Schedulers schedule patient for Tx.

- **Provider enters Treatment Plan (Tx) in Epic Beacon**
- **Authorization Unit requests authorization for Tx**
- **Schedulers schedule patient for Tx**
- **Authorization status updated in PCIS funding notes and Epic**
- **Patient scheduled**

**Provider enters Treatment Plan (Tx) in Epic Beacon**

- Verify drug in CP online. If not in CP online, inform Pharmacist (Px). Px will search literature.
- Commercial payers
- Medicare – in compendium
- Medi-Cal – electronic treatment authorization request (eTAR)

**Authorization Unit notifies Financial Counselor if Tx includes any meds included in list of seven meds**

- **Financial Counselor will notify patient of "co-pay" for high-charge medication**
- **Authorization Unit**

**Authorization granted/denied**

- Authorization granted/no authorization required
- Authorization denied

- Infusion request sent back to Provider/Case Manager. Need for peer-to-peer discussion with insurance co
- Authorization # added to IDX (linked to appointment)

**LEGEND:**

- Internal Control Strength
- Internal Control Weakness
If no build prepared, then charges are not generated.

**Prior to Patient Arrival**

- Pharmacy (RPh): previews Tx plan (clinical analysis) five days prior to appointment.
- Medical Process Team builds the new drug entry for new drugs.
- Changes reviewed by two pharmacists.
- Front desk staff pull out schedule from Epic for patients to be seen within 1-3 days.
- Front desk verify insurance for validity.
- Request re-scheduling if insurance is invalid.

**Patient Arrival**

- Patient arrives for scheduled appointment.
- Charge Nurse releases lab orders.
- Lab results acceptable/unacceptable?
  - Unacceptable: Tx put on hold until Provider verifies results.
  - Acceptable: Proceed with Tx.
  - Charge Nurse releases pre-medications.
- Patient assigned to Infusion Center Nurse.

**Legend:**
- 
- Internal Control Strength
- Internal Control Weakness
Drug prices charged may not be up-to-date

Internal Control Strength

Accuracy of times noted impacts infusion billing

Internal Control Weakness

National Drug Code (NDC)# prepped should match NDC# ordered/validated

Order and drug comparison

Note: For patients infused with partial drug dosage, Pharmacy would process credits for replenished drugs or document waste

Note: Encounters still open

LEGEND:

- [ ] Internal Control Strength
- [ ] Internal Control Weakness

Attachment A.3
**Medication Charge Pathway**

**CHARGE ROUTER**

- UCL Created
- Charge Handler will add HCPCS** to TPN Records and Outpatient (OP) Modifiers to Patients in OP Charge Areas

**Pharmacy Assistant Director or Pharmacy Business Analyst** Review Reporting Workbench for Costs > $19

- No HCPCS (Query 631)
  - No CDM (Query 649)
  - Infusion Center Charges Until Encounter is Closed (Queries 135 [MCC], 306 [HC])
  - Nephrology Apheresis Charges to be Held and Deleted (Query 197)
  - OP Charge w/o OP Cost (Query 636)
  - Charge Record Without Patient # (Query 643)
  - Cost > $100,000 (Query 120)

**INTERFACES**

- Applies CDM (NDC, NDG, or ERX)

- Interface: Charges Without CDM #
  (Note: This only logs charges; it does not hold charges)

**FMS & EPREMISE**

- **Healthcare Common Procedural Coding System (HCPCS)**

**LEGEND:**

- Internal Control Strength
- Internal Control Weakness
- All entries tracked at user level
- 1. No restrictions on staff editing claims.
- 2. Coders may swap codes which may cause billing inaccuracies.
# Emergency Room (ER) Medication Billing Process

## Through June 3, 2012

**Pharmacy via Web Portal**

<table>
<thead>
<tr>
<th>Epic</th>
<th>Pharmacy via Web Portal</th>
<th>ED</th>
<th>WEBCHARTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Patient enters ED</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Quick or normal registration completed</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Triage – Acetaminophen may be given (Pyxis removal)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Provider orders in WebCharts</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Pharmacy reviews</strong></td>
<td><strong>Pharmacy</strong></td>
<td><strong>Pharmacy approhes</strong></td>
<td><strong>Pharmacy approves</strong></td>
</tr>
<tr>
<td><strong>Pharmacy transcribes into Epic</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RN removes med from Pyxis or med sent from Pharmacy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Generates charge in Epic</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RN administers medication</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RN documents medication administration in WebCharts</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Pathway?</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Emergency Rooms implemented Epic on June 4, 2012. The billing process that will be followed from that date forward will be similar to the process followed in the Hospital Inpatient Services areas.

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**Attachment A.4**

**Page 1**

- **Internal Control Strength**
- **Internal Control Weakness**

- Medication refusals may not be documented
- Refused medications may not be returned to Pyxis
- If a medication is charted but not given (1) the narrative may not contain “not given”
Emergency Room (ER) Medical Billing Process

WEBCHARTS

Coders review list of ER patients by date in LYNX

Attending note?

Yes

Provider orders for medication
RN documents the order in the procedure Notes

Enter charges into LYNX and ClinTrac

Coder abstracts the service

File sent form LYNX to IS

Transmit charges from IS to FMS

FMS to EPREMIS

No

Patient may have left without being seen by attending physician

Email to provider to request documentation/coding is pending

If ordered in ED but Administered in IP—different drug costs

IV start/stop

"PT goes to floor during infusion"

"2nd RN putting in stop time for too long"

CDM/HCPCS codes incorrect/not updated

"No quality assurance performed"

Lynx charges med admin & ClinTrac codes diagnoses and Proc codes.

CDM Mapping in LYNX

CDM Administrator works rejected charges

Transmit charges from IS to FMS

Translate charges from IS to FMS

FMS to EPREMIS

Internal Control Strength

Internal Control Weakness