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Subject: *Authorizations - Ophthalmology*
Report 2023-14B

Audit & Management Advisory Services (AMAS) has completed a review of Authorizations at UC San Diego Health as part of the approved audit plan for Fiscal Year 2022-23. The review entailed limited procedures for certain areas who manage authorizations within their unit. This report summarizes the results of our review for authorization processes performed in Ophthalmology.

Background

Authorization, also known as precertification, is a process of reviewing certain medical, surgical, or behavioral health services to ensure medical necessity and appropriateness of care prior to services being rendered, and to determine whether the service being requested is a covered benefit under the patient's benefit plan. Authorization is one of the key components of the Financial Clearance process (Financial Clearance) outlined in the UCSDH Patient Financial Policy (UCSD Health Policy (UCSDHP) 750.1). Authorizations are only required for certain services, and may be obtained prior to service, during an admission, or retroactively for services rendered.

Most authorization functions at UCSDH have been centralized within the Patient Access Financial Clearance Center (FCC). However, Ophthalmology was one of the few units that has a hybrid structure with the Hillcrest Clinic being centralized and Ophthalmology surgeries and the Shiley Clinic being decentralized. The Patient Financial Policy indicates "While the authorization function is not always centralized, it is the expectation that securing of the authorization is standardized across UC San Diego Health."

The accurate recording of patient, payor and authorization information is key so that payors may validate coverage status. An authorization for services is typically generated from a physician's order. Decentralized departments primarily process authorizations through WQs assigned to their specialties / locations. Referrals can be accessed through the WQ lists that can be assigned specifically to individual authorization coordinators. WQs continuously evaluate referral records and pull in qualifying referrals. WQs are used for tracking, acquiring and accessing records to create or complete related functions. The WQ is where the authorization information for the referral and/or note to the referral can be edited. If the patient coverage is incorrect, authorization requirements and payor authorizations will also be incorrect. Any changes to this information will direct the referral back to the WQ as a new referral and the whole process will start over.

The authorization process is connected to other functions, such as scheduling, so each component affects the overall workflow. User knowledge and an understanding of the relationship between each

record linked, and the importance of the information entered in the data fields, are key to ensuring records flow to the intended recipient for the next part of or completing the process. Training and communication are ongoing necessities.

Audit Objective, Scope and Procedures

The objective of our review was to evaluate whether internal controls for authorizations for UCSDH services and procedures provide reasonable assurance that operations are effective, activities are compliant with relevant policies and procedures, and to identify the overall impact on UCSDH financial results. In order to achieve our objective, we performed the following specific to Ophthalmology:

- Reviewed the following:
 - Authorization Referral Guidelines, department specific standard processes for authorizations and Epic Tip Sheets;
 - Patient Financial Policy (UCSDHP) 750.1;
 - Productivity measures and monitoring plan and actions; and
 - Quality control process;
- Interviewed the Director of Ophthalmology Services; and,
- Evaluated the Ophthalmology surgery WQ to review volume and number of days a Referral or Authorization/Certification stays in the WQ.

A separate report, *Authorizations #2023-14A*, will be issued for the detailed evaluation of internal controls for authorization of UCSDH services and procedures managed and processed by the FCC/Central Authorization, and another separate report, *Authorizations – Pain Management #2023-14C*, will be issued for the evaluation of the Pain Management authorization process.

Conclusion

Based on our review, we concluded that, although the authorization process using Epic is still being refined, internal controls for authorizations for UCSDH Ophthalmology services and procedures provide reasonable assurance that operations are effective, and activities are compliant with relevant policies and procedures.

We noted some opportunity for improvement in efficiency with securing authorizations. We also noted that Ophthalmology would benefit from participation in the Payer Authorization Steering Committee, recently formed by Revenue Cycle. This committee will advise and recommend UCSDH systemwide goals, vision and best practices for authorizations across UCSDH. This committee will include representatives from centralized and decentralized departments and is expected to begin meeting in June 2023. These opportunities for improvement are discussed further below.

Revenue Cycle is also in process of further developing reports for Key Performance Indicators and Quality Control/Performance Management, which could also be used by decentralized areas for improved oversight of authorization processes. Examples of such reports include denial or lag KPI reports and a report to monitor first priority cases and staff productivity.

Observations Requiring Management Action**A. Efficiency in Securing Authorizations and WQ Management**

Ophthalmology is currently undergoing referral optimization since the Shiley Eye Center Clinic was the last area to fully implement Epic. Ophthalmology has just one WQ for all surgeries and is not set up with a WQ for the Shiley Eye Center clinic. The Hillcrest clinic is managed by the central authorization function; however the main Shiley Eye Center Clinic currently processes their own referrals and secures authorization when needed by working through a provider's daily schedule and communication with the team. The plan is to have the Epic WQ for the main Shiley Eye Center Clinic implemented by May 2023 after the referral optimization is complete. In addition, we noted that the authorization processes are not documented.

Manually reviewing referrals, obtaining prior authorization, and determining which services should be approved or denied is staff-intensive. Improving automation and optimizing referral workflows can help free up resources to focus on other strategic initiatives.

B. Payer Authorization Steering Committee

FCC and UCSDH Revenue Cycle Analytics & Continuous Improvement have recently established the Payer Authorization Steering Committee which could be an excellent resource for all authorization processing areas. This committee is expected to begin meeting in June 2023 with authority over authorization processes, including:

- Defining UCSDH best practices for authorization workflows;
- Identifying resources and defining projects to implement best practices;
- Approving exceptions to best practice;
- Creating KPI target recommendations to the executive board;
- Approving plans to implement systems and vendors related to authorizations; and
- Creating, publishing, and communicating policies related to authorizations.

Ophthalmology participation in the Steering Committee can help ensure that processes are performed in a standardized manner, as required by policy. The best practices and resources provided by this group can also help promote timeliness and productivity for the Ophthalmology team authorization process.

Management Action Plans:

Ophthalmology will:

1. Continue with referral optimization, documenting the authorization process and their own internal prior authorization optimization with the Epic implementation team.
2. Fully participate in the UCSDH Revenue Cycle Payer Authorization Steering Committee which will assist in referral optimization and standardization of processes, training and denial and lag based reporting management. As part of this process, FCC management and

Revenue Cycle leadership will continue to provide guidance and best practices for all departments to implement.

Audit & Management Advisory Services appreciates the cooperation and assistance provided during the review. The findings included in this report will be added to our follow-up system. We will contact you at the appropriate time to evaluate the status of the management action plans.

UC policy requires that all draft audit reports be destroyed after the final report is issued.

If you have any questions regarding this report, please call me at 534-1191.

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