

19-106 Diagnostic Imaging – Charge Capture

EXECUTIVE SUMMARY

The Division of Diagnostic Imaging (DI) is comprised of nine different clinical modalities including Computed Tomography (CT). These clinics offer a full range of imaging services both within the Institution as well as offsite in the Bellaire, League City, and West Houston communities. Clinical teams performed 18.3 million technical procedures. Many of these scans provided by the Division require the administration of contrast media and/or other drugs.

In fiscal year 2018, the Division's gross patient revenue totaled \$1.93B. Patient revenue is comprised of both professional and technical revenue. The scope of this review focused on charge capture processes within Computed Tomography (CT) for FY2018, which comprises 43% or \$694 million of gross technical revenue for the Division.

Overall, CT technical charges were appropriately captured and posted for all services rendered. However, we noted areas for improvement related to inventory management for contrast media.

At the Division level, we found that management should review billing for oral/rectal contrast to determine whether contrast can be billed separately.


Additional details are outlined in the **Detailed Observations** section below.

Management's Summary Response:

Management agrees with the recommendations and plans to implement corrective actions no later than 8/31/2020.

Appendix A outlines the methodology for this project.

The courtesy and cooperation extended by the personnel in the Division of Diagnostic Imaging are sincerely appreciated.



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Vice President & Chief Audit Officer
April 9, 2020

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DETAILED OBSERVATIONS

Observation 1:**Review Billing for Oral/Rectal Contrast Charges****RANKING: MEDIUM**

The Division of Diagnostic Imaging bills patients separately for imaging procedures and contrast that is administered intravenously. The Division does not, however, bill patients separately for contrast administered orally or rectally, resulting in a potential loss of revenue. While governmental payers only reimburse for imaging procedures, other payers reimburse both for the procedure and contrast billed to the patient.

Internal Audit attempted to determine whether the billable rate of the procedure included the contrast; however, management was unable to provide information to make this determination. According to the Institution's Charge Description Master (CDM) Maintenance Policy, cost analysis should be completed in rate setting, then reviewed periodically for appropriateness.

Recommendation

Division management should coordinate with Clinical Revenue & Reimbursement to analyze current oral/rectal contrast costs and determine whether the contrast should be charged separately and/or treated similar to other contrast medications.

Management's Action Plan:

Responsible Executive: Chief Medical Executive

Owner: Habib Tannir

Due Date: 8/31/2020

Management will coordinate with Clinical Revenue & Reimbursement in order to make a determination as to whether oral/rectal contrasts should be charged separately. Once the determination is made, the billing process will be updated as needed.

Observation 2:**Enhance Controls over Contrast in CT****RANKING: MEDIUM**

At the time of our review, the Computed Tomography (CT) department did not have an inventory management process for its contrast supplies, which totaled more than \$1.8M in FY 2018. Specifically, the department did not:

- Monitor usage
- Reconcile inventory
- Restrict access to inventory

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Subsequent to our review, CT implemented additional procedures to restrict access to contrast. Proper inventory management ensures that supplies are appropriately used and billed to patient accounts. Without an inventory management process, loss or theft of contrast supplies may occur and go undetected.

According to institutional policy, inventories shall be physically secured, periodically counted, and reconciled to institutional records.

Recommendation:

Management should ensure that controls are in place to adequately monitor, reconcile and restrict access to contrast supplies.

Management's Action Plan:

Responsible Executive: Chief Medical Executive

Owner: Aziz Benamar

Due Date: 8/31/2020

Management has implemented procedures to restrict access to contrast. Management will continue to improve its inventory management processes. This will include implementing processes to monitor usage and reconcile inventory. Management will also evaluate whether an automated solution can be identified and implemented to support inventory management.

Appendix A

Objective, Scope and Methodology:

The objective of this review was to determine if diagnostic imaging services provided were captured and recorded appropriately. Additionally, the review evaluated cost and pricing of contrast. Testing periods varied based upon the area or process reviewed; however, all selected transactions occurred between September 2017 and August 2018, unless otherwise noted below. The scope of this review included gaining an understanding of charge capture processes within the following Diagnostic Imaging clinical areas: Positron Emission Tomography (PET), Clinical Nuclear Medicine (CNM), Computed Tomography (CT), and the West Houston Imaging location, with subsequent testing performed in the CT Department.

Our methodology included the following procedures:

- Gained an understanding of processes and controls surrounding charge capture and reconciliation.
- Reviewed Computed Tomography hospital charge data and patient records to ensure technical charges (including non-radiopharmaceutical contrast supplies) were posted timely, accurately, and completely, for all services rendered.
- Evaluated charge and cost information for non-radiopharmaceutical contrast utilized by division

Our internal audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

Number of Priority Findings to be monitored by UT System: None

A Priority Finding is defined as “an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.

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