

UTSouthwestern
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Office of Institutional Compliance
and Audit Services

Neurology Charge Capture & Reconciliation Assessment

Internal Audit Report 24:60

July 18, 2024



Executive Summary

Charge capture is the documentation, charging, posting and reconciliation of charges for services rendered/items provided to a patient. A formalized charge capture process is an essential component of the Revenue Cycle function and helps to verify that all services provided to patients are accurately documented prior to billing. This process helps medical practices to maximize their revenue by capturing all charges associated with patient care to prevent revenue leakage or missed revenue opportunities, which can significantly impact the financial health of a hospital. Accurate revenue charge capture also ensures compliance with regulatory requirements, reduces the risk of billing errors and is critical to financial sustainability.

The Office of Institutional Compliance & Audit Services (OICAS) conducts a Charge Capture on an annual basis as part of the Audit Plan. The Department of Neurology’s Ambulatory Clinics were selected due to their utilization of a centralized charge capture process, their high number of encounters, and the high value of monthly professional charges.

Audit Results

The OICAS conducted an audit of the charge capture process for Department of Neurology clinic charges. Overall, processes are in place to accurately capture charges. Data analytic testing noted no exceptions related to accounts for:

- Drug or drug administration charges
- Post-operative charges in the post-operative global period
- Appropriate charges for a patient on the schedule
- Procedure charges related to a specific diagnosis.

However, there are opportunities for improvement to ensure accurate capturing of charges.

A summary of observations is outlined below:

AREA	OPPORTUNITIES	RISK RATING
<i>Established Patient Charges</i>	• Established patient visits on the schedule had a new patient E&M charge.	MEDIUM
<i>Policies and Procedures</i>	• Policies and procedures for charge capture and reconciliation processes do not fully document and align with current processes.	LOW

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Further details are outlined in the Detailed Observations section. Less significant issues were communicated to management.

Management Summary Response

Management agrees with the observations and recommendations and has developed action plans to be implemented on or before November 30, 2024.

Appendix A outlines the objective(s), scope, methodology, stakeholder list, and audit team for the engagement.

Appendix B outlines the Risk Rating Classifications and Definitions.

The courtesy and cooperation extended by the personnel in the Department of Neurology and Revenue Cycle are appreciated.

Natalie Ramello

Natalie A. Ramello, JD, CHC, CHPC, CHRC, CHIAP
Vice President, Chief Institutional Compliance Officer & Interim Chief Audit Executive
Office of Institutional Compliance & Audit Services
July 18, 2024

DETAILED OBSERVATIONS

Neurology Charges Not Accurately Captured
Charges related to services provided were not always accurately documented and validated.

MEDIUM

1. Established patient visits on the schedule with a new patient E&M charge	Recommendation	Management Action Plan
<p>Leading business practices dictate that charges related to neurology services provided be accurately documented, validated, and submitted for billing in a timely manner.</p> <p>Data analytics identified 515 encounters which contained an established patient visit on the schedule but contained a new patient E&M charge. A sample of ten items was judgmentally selected for testing. Three of the ten encounters tested (30%) did not accurately capture an established patient E&M charge.</p>	<p>The Department of Neurology should correct the three patient claims which were noted as an established patient visit on the schedule but contained a new patient E&M charge and rebill as applicable.</p> <p>The Department of Neurology should also review the data analytic report to determine whether the items included are exceptions and take corrective action as necessary.</p>	<p>Action Plan Owner: Jennifer Henderson</p> <p>Action Plan Executive: Brent Townsend</p> <p>Due Date: 11/30/2024</p> <p><i>Management will correct the three patient claims which were noted as an established patient visit on the schedule but contained a new patient E&M charge and rebill as applicable (completed).</i></p> <p><i>Management will review the data analytic report to determine whether the items included are exceptions and take corrective action as necessary.</i></p>

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Policies and Procedures		
<i>Policies and procedures for charge capture and reconciliation processes do not fully document and align with current processes.</i>		
LOW		
2. Policies and procedures are missing key elements	Recommendation	Management Action Plan
<p>Leading business practices dictate that health systems maintain and regularly update policies and procedures to confirm all key areas and processes are formally documented.</p> <p>The Neurology Ambulatory Care Clinics do not have Standard Operating Procedures (SOP) related to the charge capture and reconciliation processes that are completed at the clinic. Some of the items were captured in the "Timely Completion of Encounter and Procedure Reports" and "UTSW My Report/Reconciliation" document but not all.</p>	<p>The Neurology Ambulatory Care Clinic management should establish and/or update policies and procedures to formally document charge capture and reconciliation processes.</p>	<p>Action Plan Owner: Debra Clamp</p> <p>Action Plan Executive: Mike Nicholaou</p> <p>Due Date: 11/30/2024</p> <p><i>Management will review and update charge capture and reconciliation policies and procedures to ensure documentation aligns with current processes.</i></p>

Appendix A

Objective(s), Scope, and Methodology:

The objective of the review is to determine whether systems and controls are functioning effectively, as intended, and delivering optimal results.

The scope period included activities of the Department of Neurology ambulatory clinics from 7/1/2023 to 12/31/2023. The review included the charge capture and reconciliation process for the Department of Neurology charges. The review did not include an assessment of coding accuracy, an evaluation of medical necessity, nor a determination of compliance with billing-related regulatory guidance. Parkland Health and Hospital System and hospital-based billing were not included in the scope.

Our procedures included but were not limited to the following:

- Evaluated charge capture and charge reconciliation processes to assess adequacy of controls for charge timeliness, accuracy and compliance with regulations, policies and procedures.
- Performed Department of Neurology provider-based charge capture data analytics and assessed internal controls.
- Tested whether charges were accurately captured and billed for Department of Neurology services.
- Tested the charge capture reconciliation process.

We conducted our examination according to guidelines set forth by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

Executive Sponsors:

Mark Meyer, Health System CFO

Elan Louis, Professor & Chair, Department of Neurology

Key Stakeholder List:

Debra Clamp, Manager Clinical Practice, Neurology Ambulatory Clinic

Kathryn Flores, Assistant VP CIO, University Hospital

William Goodrich, Assistant Director, Finance Department

Jennifer Henderson, Manager, MSRDP Billing Operations, Revenue Cycle

Kelly Kloeckler, Associate VP, Revenue Cycle

Elan Louis, Professor & Chair, Department of Neurology
Chris Matta, Director, Revenue Cycle and Business Systems
Mark Meyer, Health System CFO
Mike Nicholaou, Administrator, Department of Neurology
Dennis Pfeifer, Assistant VP CTO, Health Systems
Michael Serber, VP Finance and Institutional CFO
Stacy Simmons, Manager, Revenue Integrity
Brent Townsend, Director, Front End Med/Surg Billing
Jaya Trivedi, Professor, Department of Neurology
Margo Walder, Assistant Director, Front End Med/Surg Billing
Michele Wingate, Associate VP Finance Prac Plan

Audit Team:

Natalie Ramello, Vice President, Chief Institutional Compliance Officer & Interim Chief Audit Executive
Abby Jackson, Assistant Vice President of Compliance & Audit Operations and Privacy Officer
Philippa Krauss, Senior Project Manager - Audit
Eric Jolly, Vice President, Kodiak Solutions
Louise Garrett, Director, Kodiak Solutions
Michelle Slocum, Manager, Kodiak Solutions
Lou Ann Watson, Manager, Kodiak Solutions
Scot Murphy, Data Analytics Manager, Kodiak Solutions

Appendix B

Risk Classifications and Definitions

Each observation has been assigned a risk rating according to the perceived degree of risk that exists based upon the identified deficiency combined with the subsequent priority of action to be undertaken by management. The following chart is intended to provide information with respect to the applicable definitions, color-coded depictions, and terms utilized as part of our risk ranking process:

Degree of Risk & Priority of Action	
Priority	An issue identified by Internal Audit that, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.
High	A finding identified by Internal Audit that is considered to have a high probability of adverse effects to the UT institution either as a whole or to a significant college / school / unit level. As such, immediate action is required by management to address the noted concern and reduce risks to the organization.
Medium	A finding identified by Internal Audit that is considered to have a medium probability of adverse effects to the UT institution either as a whole or to a college / school / unit level. As such, action is needed by management to address the noted concern and reduce the risk to a more desirable level.
Low	A finding identified by Internal Audit that is considered to have minimal probability of adverse effects to the UT institution either as a whole or to a college / school / unit level. As such, action should be taken by management to address the noted concern and reduce risks to the organization.

It is important to note that considerable professional judgment is required in determining the overall ratings. Accordingly, others could evaluate the results differently and draw different conclusions. It is also important to note that this report provides management with information about the condition of risks and internal controls at one point in time. Future changes in environmental factors and actions by personnel may significantly and adversely impact these risks and controls in ways that this report did not and cannot anticipate.