Health System Auditing

Top Risk Areas

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Introduction

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Session Objectives

- Gain an understanding of key healthcare risk areas.
- Discuss changes to risk environment caused by the COVID pandemic
- Benchmark audit plans to similar organizations

Major Risk Domains

- Revenue Cycle
- Information Technology/Security
- Operations – Clinical and Non-clinical
- Quality and Patient Safety

Revenue Cycle

Revenue Cycle Complexity

- Charge Description Master
- Patient Registration and Scheduling
- Inpatient Admissions
- Insurance Validation and Pre-authorization
- Point of Service Collections (Co-pays and deductible estimates or self-pay deposits)
- Provider or Admission Orders
- Charge Capture
- Clinical Documentation
- Coding / Clinical Documentation Improvement/ Revenue Integrity
- Claim Preparation/Submission to Third Party Payers
- Remittance Receipts and Posting
- Partial or full denials and appeals
- Third-party follow-up
- Calculate Contractual Adjustments and Patient Responsibility
- Prepare Patient Statements
- Collect and post patient payments

Revenue Cycle Key Risks

- Missed charges
- Denials due to inaccurate or missing insurance information
- Denials due to lack of pre-authorization
- Delayed cash receipts-much hard to collect co-pays and deductibles after service is provided
- Denials due to lack of medical necessity or lack of a physician order
- Denials due to Clinical Documentation not supporting the diagnosis or treatment
- Denials or government audits due to improper coding
- Lost revenue due to untimely follow-up on denials or inaccurate third-party payments
- Unmonitored or unworked workqueues can delay or hang-up account processing at any point in this complex process
- Unapplied payments is very common and this is a frequent area for revenue cycle issues
- Uncompensated care and its impact on financial performance

IT Technology and Security

IT Key Risks

- Cybersecurity
  - **Cyber Breach**
  - **Ransomware**
  - IT Vendor Management
  - Cloud-based Systems Security
    - Cloud Security Alliance (CSA) control framework
  - Incident Detection and Management
- System Implementations
- Cloud Strategy and Adoption
- Privacy and Security
  - Data Governance
  - User Account and Access Management
- Controlling IT Capital and Operating Costs
- Disaster Recovery and Business Continuity
- Third-Party Risk
- Connected Device Security (IOT)

Healthcare Compliance Risks

Key Risk Areas in Healthcare Compliance

- HIPAA Privacy and Security
  - Note: Student Health Centers governed by FERPA unless non-students are being treated
- DEA Controlled Substances Compliance
- Controlled Substance Diversion Prevention and Detection
- Pharmacy 340(b)
- Conflicts of Interest
- Coding and Billing Compliance
- Research Billing Compliance
- Physician Arrangements (Stark regulations)
  - New Value-based Arrangements exceptions
- IRS 501r – Financial Assistance (for non-profits)

Key Risk Areas in Healthcare Compliance

- Emergency Medical Treatment and Labor Act (EMTALA)
- Specific to Academic and Research Institutions:
  - Research Data Security
  - Institutional Review Boards (IRB)
  - Human Subject Protections
  - Research Animal Treatment

Emerging Healthcare Compliance Risks

- Telehealth
  - billing and reimbursement
  - security of technology platform
  - patient consents
  - provider eligibility (e.g. crossing state lines)
  - Look for a re-vamped regulatory environment soon
  - Clinical trials will also increasingly be conducted virtually
- Balance Billing (Out-of-Network)
- Provider Relief Fund audits
- Price Transparency
- 21st Century Cures Act (Interoperability and Information Blocking)

Compliance Resources

- HHS Provider Relief Fund reporting requirements

https://www.hhs.gov/sites/default/files/provider-post-payment-notice-of-reporting-requirements-january-2021.pdf

- HRSA 340B Audit Protocol & Resources:

https://www.hrsa.gov/opa/updates/july-2014.html

- HHS HIPAA Phase 2 audit protocol:

https://www.hhs.gov/hipaa/for-professionals/compliance-enforcement/audit/protocol/index.html

Compliance Resources

CMS On-line Guidance and Manuals

https://www.cms.gov/Regulations-and-Guidance/Regulations-and-Guidance

21st Century Cures Act:

https://www.healthit.gov/curesrule/

Operations

Clinical and Non-clinical

Key Operational Risk Areas

Supply Chain

- Managing Costs
  - Supply expense typically ranges between 15-20% of net revenue
  - Value Management-reducing clinical variation to manage quality and cost of expensive devices
- Inventory Management
  - OR and pharmacy inventory management processes are extremely complex and subject to error-typical pain points
- Consignment Inventory Management
- Device and other recalls
- Vendor Management
- Emerging strategic risk: supply chain resilience
  - Supply Chain interruption is an ECRI Top 10 safety risk for 2021
- Counterfeit and/or defective supplies, especially PPE

Key Operational Risk Areas

- Risk Management
  - Professional liability insurance
  - Incident reporting, investigation and response
  - Patient complaints and grievances
- Policy Management
- Contract Management
- Provider Credentialing

Key Clinical Operations Risk Areas

- Excess Length of Stay/Throughput:
  - Care Management
  - Discharge Planning
  - Social Work
- Lack of Medical Necessity Denials:
  - Utilization Review and Management
- Opioid Stewardship
- Antibiotic Stewardship
- Labor Productivity Management
- Clinician Workforce –
  - **Recruiting and retention**
  - **Burn-out**
  - **Professional labor shortages**
  - Workplace Safety and Injury Prevention

Key Clinical Operations Risk Areas

- Accreditation Readiness
  - Joint Commission-Medicare/Medicaid Accreditation
  - Pharmacy-State Board of Pharmacy
  - Imaging and Nuclear Medicine-American College of Radiology

Quality and Patient Safety

Key Quality and Patient Safety Risk Areas

- Infection Prevention
  - Hand Hygiene
  - Device Disinfection
  - Instrument Processing
- Medication Errors
- Surgical Errors
- Patient suicide/self-harm

- Quality and Safety Benchmarking Measures
  - e.g. Leapfrog, U.S. News & World Report
- Emerging risk area: impact of coding practices on performance measures

Key Quality and Patient Safety Risk Areas

CMS Quality Measures

- Inpatient Falls
- Sepsis Identification and Management
- Suicide Prevention
- Readmissions
- Mortality rates for various conditions
- Hospital Acquired Conditions:
  - Pressure injuries
  - Infections (Cdiff, CAUTI, CLABSI, MRSA)
  - Surgical Site Infections
- Patient Experience Surveys (HCAHPS)

Quality and Patient Safety Resources

CMS Hospital Quality Initiatives:

https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/HospitalQualityInits

Joint Commission National Patient Safety Goals:

https://www.jointcommission.org/standards/national-patient-safety-goals/

The ECRI Institute:

https://www.ecri.org/

ECRI Top Ten Patient Safety Concerns:

https://assets.ecri.org/PDF/White-Papers-and-Reports/ECRI_Top10_Patient-Safety-Concerns_2021_v2.pdf

Student Health

Mental Health Services

- Accommodating a huge increase in demand for mental health services appears to be the primary concern for student health services.
- People in the 18-24 age group report the highest levels of pandemic-related depression and anxiety in multiple nation-wide surveys

Audit Plan Benchmarking

Audit Plan Benchmarking

- In early 2021, UVA Audit Department conducted an informal survey of other healthcare organizations about their current year audit topics.
- See Word document provided for a summary of those topics.