Date: June 17, 2022

To: John P. Curp, Interim City Manager

From: Lauren Sundararajan, CFE, Internal Audit Manager

Copies to: Internal Audit Committee
William Weber, Assistant City Manager
Dr. Grant Mussman, Interim Health Commissioner

Subject: **Federally Qualified Health Center Billing and Collections Audit**

Attached is the Federally Qualified Health Center (FQHC) Billing and Collections Audit. The primary objective of this performance audit was to assess the efficiency and effectiveness of internal controls and practices applicable to the Cincinnati Health Department's FQHC billing and collections process. This audit was conducted in accordance with the current audit agenda.

We would like to thank the management and staff of the Cincinnati Health Department for their assistance and cooperation during this audit.

If you need any further information, please contact me.

Attachment

FQHC Billing and Collections Audit

June 2022

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Internal Audit Manager

Pamela King
Senior Internal Auditor

Tawana Keels
Internal Auditor

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Executive Summary

Internal Audit conducted a performance audit of billing and collections at the Cincinnati Health Department (CHD) health centers. The primary objective of this audit was to assess the efficiency and effectiveness of internal controls and practices applicable to the Cincinnati Health Department's Federally Qualified Health Center (FQHC) billing and collections process.

In March 2013, CHD executed a First Amendment to the Master Agreement with Oregon Community Health Information Network, Inc. (OCHIN), to expand its services to include billing services.[1] OCHIN is a nonprofit health IT service provider serving 96 health centers and 5 million patients across 12 states in the Health Resources and Services Administration (HRSA) Health Center Controlled Network. OCHIN maintains an agreement with Epic Systems Corporation (Epic) to provide practice management and electronic medical records software. CHD is operating under the terms of the eighth amendment to the Master Agreement with OCHIN.

The audit revealed several opportunities for CHD to strengthen its internal controls over the billing and collections process. For example, per the City of Cincinnati Primary Care (CCPC) policy, a contract representative (CR) should be identified for each active contract. However, there are three employees designated to oversee OCHIN contract terms, which contradicts the internal policy and weakens contract oversight. Additionally, CHD's fiscal division has experienced significant turnover, which can result in organizational instability, an increase in reporting discrepancies, reduced productivity and weakened internal controls.

Several components are intricately linked to the billing and collections process; registration, medical coding, and credentialing, are the backbone of the healthcare revenue cycle. IA found that OCHIN reports to track coding errors are not provided to CHD, and the Credentialing Specialist needs additional training and support. Further, CHD management does not conduct routine audits of users with Epic access to ensure they are terminated in a timely manner, and Epic internal guidelines are not developed and documented.

To strengthen the internal controls over the billing and collections process, IA recommends identifying a CR who will be responsible for monitoring contract oversight, recruiting and retaining employees to fill key personnel roles in the fiscal division, working with OCHIN to develop coding error reports to review and analyze, and provide the Credentialing Specialist with additional training and support. Finally, CHD management should routinely audit users with Epic access, and develop and document Epic internal guidelines.

[1] Exhibit G Billing Service Terms and Conditions, 1st Amendment.

I. Introduction

Background

The Cincinnati Health Department is committed to protecting and improving the health of the people of Cincinnati. As a nationally recognized leader in public health, CHD advocates for responsive health and human services that promote healthy living environments and social well-being, as well as works to reduce health inequities such as poverty and unemployment.

The Cincinnati Health Department received a FQHC designation in 2012 and serves over 40,000 patients annually. CHD provides comprehensive healthcare to underserved populations (uninsured, under insured, and impoverished community members) using a sliding fee scale for eligible patients based on patient income and family size in compliance with HRSA. The governing board for the health department FQHC's is the City of Cincinnati Primary Care Board. In 2019, CHD met all the requirements for a successful HRSA site visit.[2]

In March 2013, CHD entered into a contractual agreement with OCHIN, to perform billing services. OCHIN is a nonprofit health IT service provider serving 96 health centers and 5 million patients across 12 states in the HRSA Health Center Controlled Network. In 2018, OCHIN hosted a successful HRSA site visit. OCHIN maintains an agreement with Epic to provide practice management and electronic medical records software.

CHD operates seven primary care health centers, one free-standing dental center, one free-standing vision and dental center and thirteen school-based health centers located within Cincinnati Public Schools serving over 10,000 students. CHD offers and accepts a variety of payment options for medical, dental, vision and other services, which are applied to the proper guarantor account in Epic. The CHD Cash Handling Policy was updated on March 9, 2022, to ensure billing, payment and collection operating procedures align with HRSA.

OCHIN provides monthly collection data with a revenue cycle dashboard, which compares accounts receivable (A/R) collection rates, charge lag, claim acceptance rates and days of open encounters against other clients. The dashboard does not account for size, complexity, and scope of services provided. Monthly revenues, A/R trends, payor mix, and collection data is provided to the CCPC Board monthly. OCHIN reported $13,104,318 of payments posted, invoicing CHD $786,259 for OCHIN billing services in calendar year 2021; calculated at a rate of 5.5% for billing and 0.5% for coding services.

[2] Health Center Site Visit Report, 6/4/2019-6/6/2019.

Audit Selection
IA conducted this audit in accordance with the current work plan.

Audit Objective
The primary objective of this performance audit was to assess the efficiency and effectiveness of internal controls and practices applicable to the Cincinnati Health Department's FQHC billing and collections process.

Audit Scope and Methodology
To achieve the audit objective, Internal Audit confirmed compliance with HRSA requirements, reviewed internal policies, procedures, and any contracts for billing and collections, interviewed appropriate staff, sought verification of actions through documented reports, analyzed data, and examined all relevant documents to include board minutes and any previous audits. Records reviewed included data generated between fiscal year (FY) 2018 - present.

Statement of Auditing Standards
As required by the Cincinnati Administrative Code Article II §15, this audit was conducted in accordance with the Generally Accepted Government Auditing Standards (GAGAS), except for standard 5.60 pertaining to external peer review requirements. This exception did not have a material effect on the audit.

IA continues to conduct internal quality reviews to assure the conformance with applicable GAGAS. IA performed the fieldwork between January 2022 – April 2022.

Commendations
IA commends the staff of the Cincinnati Health Department for their cooperation throughout the audit.

II. Audit Findings and Recommendations

A Contract Representative has not been identified for the OCHIN agreement.

The Cincinnati Health Department entered into a contractual agreement with OCHIN effective September 30, 2010. OCHIN agreed to provide CHD with access to certain practice management and/or electronic health records software and technical support. Over the course of the next nine years, the contract evolved, and eight amendments were executed. The first amendment to the contract, executed March 26, 2013, authorized OCHIN to perform the "Billing Services, as well as all related acts that may be necessary or useful in pursuit thereof."[3]

The CCPC Oversight of Service Contracts policy states that the "CEO will identify a Contract Representative (CR) to each active contract."[4] IA was informed that there are three employees who oversee the OCHIN contract. This contradicts the internal policy and creates contract oversight weakness. Proper contract oversight is essential as it helps to make sure contractual work is done effectively and mitigates risk.

Recommendation 1: CHD should identify a CR who will be responsible for monitoring contract performance and reviewing invoices for accuracy and compliance. Additionally, the CR will be responsible for notifying the CEO if terms of the agreement are not met.

Department Response: Agree. CHD has identified the CFO as the sole party to serve in this capacity.

CHD's fiscal division has experienced significant turnover.

Significant turnover and personnel changes results in gaps in staffing and a learning curve for inexperienced employees, which can affect the quality of service. IA found CHD's fiscal division has experienced employee turnover with 16 employees resigning within the past three years. Additionally, the fiscal division organizational chart includes 12 employees, however, at the beginning of the audit, only five of the positions were filled. FQHC's have stringent policies and guidelines with predefined rules for fiscal management and accounting systems, billing, collections, and budgeting. Functioning at 42% staffing capacity is a challenge that escalates financial and operational risk and can lead to crucial tasks not being completed.

There has also been high turnover in the Chief Financial Officer (CFO) position. IA was informed that the current CFO is the 7th CFO to hold the position in four years. When there is a high turnover rate at the CFO level, this can result in organizational instability, an increase in reporting discrepancies, reduced productivity and weakened internal controls.

Further, when a fiscal division is not adequately staffed, transaction processing may be slowed considerably, and the ability to provide timely and accurate financial data may suffer. It was noted in an internal memo to the City of Cincinnati Board of Health Finance Committee, "In FY 2021, the accounts receivable division had a turnover with the Supervising and Senior Accountant. Due to that turnover, many invoices were not paid as timely as in prior years and caused expenses to be higher in FY22 than in FY21."[5]

[3] Exhibit G Billing Service Terms and Conditions, 1st Amendment.
[4] CCPC Oversight of Service Contracts, Revised 6/19.
[5] Revenue Presentation 2021 dated December 21, 2021.

Recommendation 2: CHD should demonstrate a commitment to recruit, develop, and retain competent individuals to fill key roles within the fiscal division.

Department Response: Agree. CHD has onboarded five team members to the fiscal section in FY22. With staffing currently at an appropriate level, the focus for FY23 will be skills-development for new staff members and cross-training for all staff.

OCHIN reports to track coding errors are not provided to CHD.

Medical coding is one of the most critical steps in the medical billing process. Preventing inaccurate coding leads to improved reimbursements and maintaining accuracy is imperative in this step to avoid denial of claims. Through staff interviews, IA found that OCHIN does not provide coding error reports to CHD. Having detailed reports broken down by health center will allow the Senior Customer Relations Representative (Medical/Dental Billing Coder) determine where the errors are occurring and provide training assistance, if necessary.

Further, after IA brought this to the CHD coder's attention, they requested a report to track coding errors from OCHIN; however, they were informed to submit a request via their supervisor. This adds a cumbersome layer of communication that only slows the process and limits efficiency.

Recommendation 3: CHD should work with OCHIN to develop reports that will assist them with identifying and resolving coding errors.

Department response: Agree. The employee assigned to billing and coding currently receives a report which identifies denials and the reasons for the denial. Our team has reached out to OCHIN to schedule training on how to develop reports that will be more customized to the organization's needs.

Recommendation 4: CHD should review their internal support and communication structure to give their Senior Customer Relations Representative (Medical/Dental Billing Coder) unrestricted access to OCHIN.

Department Response: Agree. CHD's coder now has access to enter JIRAs (tickets).

Contract terms should be evaluated for terms more favorable to the City.

Medical billing and coding are the backbone of the healthcare revenue cycle. It ensures payers and patients reimburse providers for services delivered. OCHIN is currently providing billing and coding support services to CHD with compensation rates specifically outlined for the services.

IA was informed that although OCHIN provides coding support services, CHD determined it was important to also have an "in-house coder" to communicate directly with the OCHIN coders to help address and reduce coding errors more efficiently. With the addition of the Senior Customer Relations Representative (Medical/Dental Billing Coder), an opportunity exists to lower the billing rate for coding support services also provided by OCHIN.

Recommendation 5: Facilitate talks to renegotiate the compensation clause in the OCHIN agreement for terms more favorable to the City.

Department Response: Disagree. The finding implies that the coding support services provided by OCHIN overlap with the role of the coder that CHD employs, and that savings could be attained by renegotiating that part of the contract scope. The coding provided by OCHIN is not duplicated by the role of the CHD employee.

Credentialing Specialist needs additional training and support.

Healthcare organizations are legally responsible for assuring that individuals providing patient care are credentialed, verified, and competent to do so. Credentialing is necessary before a physician is permitted to practice. The credentialing process verifies and assesses that a practitioner's qualifications and license status are in good standing to provide healthcare services. If a provider is not properly vetted their services cannot be billed.

IA reviewed the first quarter of OCHIN monthly meeting notes. Provider credentialing issues were noted each month with over 250 claim denials totaling approximately $36,290 at the end of March 2022.[6] When credentialing errors are made, this places a municipality at risk of financial losses on provider services, delays in claims reimbursements, and potential harm to patients. Further, credentialing is intricately linked to billing and collections. IA found that the Credentialing Specialist position went from two employees performing the required task to one.

Additionally, with the high turnover rate of providers and the necessity to quickly and efficiently vet new providers, this task can be challenging. Also, through staff interviews, IA found that the Credentialing Specialist is new to the position, and although they have received some training, they have relied primarily on training manuals.

Recommendation 6: CHD should ensure the Credentialing Specialist has the knowledge and resources to complete their job efficiently.

Department Response: Agree. The Credentialing Specialist was very new to the role at the time of the audit. She was provided with a preceptor, a manual that provided instructions on how to credential, and a support person who could answer questions. To date, the Credentialing Specialist has credentialed providers efficiently and has adapted to her role.

Reviews of users with Epic access are not conducted, and Epic is not included on the new employee and terminated employee IT form.

Epic provides access to all elements of a patient's health history. The site specialist grants access to Epic for CHD employees and non-employees. Security levels are established based on the user's job classification. Maintaining the security of patient health records with separation and termination of employees, and removal of non-employees is an important part of monitoring Epic. IA found that reviews of Epic users are not conducted by CHD management. Further, IA requested and obtained an Epic user report, which did not include all the fields required to ensure proper authorization.

IA tested current Epic users and determined that out of 282 users, 225 (80%) on the list are accurately listed as current users; 45 (16%) were unverifiable; 8 (3%) were on the active users

[6] March 10, 2022, OCHIN Monthly Meeting Agenda.

list but were terminated; and 4 (1%) fell outside the testing period. The terminated employees date back to 2010.

Name	Date Terminated
Redacted	06/01/2020
Redacted	11/01/2010
Redacted	11/01/2014
Redacted	01/01/2022
Redacted	06/12/2021
Redacted	05/27/2006
Redacted	01/29/2022
Redacted	12/21/2019

Although users are locked out of the system after 90 days of inactivity, as an internal control, due to the sensitive nature of patient records, reducing the 90-day lockout period would strengthen the internal control over user access.

Additionally, IA found that obtaining and terminating access to Epic is not included on the new employee and terminated employee IT form. Instead, access is granted by CHD management based on user need and not documented.

Recommendation 7: CHD should create a comprehensive Epic active user report and conduct routine audits to ensure that access is terminated in a timely manner.

Department Response: Agree. CHD will create a comprehensive Epic active user report develop a schedule for audits.

Recommendation 8: Update all appropriate IT forms to include Epic.

Department Response: Agree. The Authorization to Access Form has been updated to include EPIC access.

Epic Internal guidelines are not developed and documented.

IA found that CHD has not developed or approved Epic internal guidelines. Per the terms of the Eighth Amendment to the Master Agreement, Exhibit B, System Terms and Conditions, “CHD will be responsible for establishing and maintaining its own internal guidelines that govern the use of the Epic system at the healthcare clinic sites. The guidelines should specify, without limitation, the scope of authority, responsibility and oversight of CHD’s personnel using the system.”

Recommendation 9: CHD should develop internal guidelines governing the use of Epic.

Department Response: Agree. A policy has been developed that outlines the process for granting and revoking access to EPIC.

CCPC registration workflow process needs to be updated and inclusive of all steps.

Workflow processes provide employees with instructions on how to carry out the day-to-day activities. Processes that are not up to date can prohibit efficiency and create inconsistencies. IA found the CCPC registration workflow process needs to be updated and inclusive of all steps involved in the registration process.

For example, IA found that information on the Prompt Pay Discount, a discount of 50% for patients meeting certain criteria, was not included in the registration workflow process, even though it is offered as a payment incentive. However, during staff interviews, IA was informed that the program was discontinued. IA was later informed that the Prompt Payment Discount was removed in 2020 and restarted in 2021. When processes are not current and inclusive of all necessary steps, the risk increases for mistakes, duplicate work for registration staff, and delayed revenue collections.

Recommendation 10: Ensure that the registration workflow process is up to date and inclusive of all steps to minimize registration mistakes. Additionally, CHD should provide updates to all health center employees.

Department Response: Agree. The Site Specialists are scheduled to provide a department wide training on July 5, 2022. After the training, participants receive a handout that will provide a step-by-step process on registration. New employees who are assigned to registration will receive this training in their onboarding.

High-volume health centers trigger registration short cuts.

Patient registration is the beginning of the revenue cycle for a health center. The information captured during this process is critical to financials. IA found that some health centers are very busy and to prevent backlogs and long wait times, staff will take short cuts to get patients checked in. This is referred to as the "quick reg" or "quick admit", which allows for minimal patient information to be captured before the patient is seen. While this may prevent long wait times, it can create problems on the back end due to patients leaving the premises after their doctor visit without completing the registration packet. IA found that current health center policies and procedures do not permit “short cuts” in registration.

Additionally, IA learned that when a high-volume health center is not staffed accordingly at the registration desk, short cuts are used to get patients seen. Short cuts could result in incomplete fields and errors, resulting in a negative impact on the revenue collection cycle at the health center. It is important that all health centers are staffed accordingly to reduce errors and patient backlogs and that all staff are following the same workflow process.

Recommendation 11: Re-assess staffing levels at the health centers to determine which are providing the highest level of patient visits to ensure they are appropriately staffed. Additionally, ensure registration policies and procedures are followed consistently by health center staff.

Department Response: Agree. During the pandemic we lost staff which impacted all areas of the patient visit. We recognize and have diligently focused on hiring staff. Staffing for the sites is not merely based upon the number of visits but the population as well. We are working very hard to staff the health centers appropriately.

Staff will be trained on registration policies and procedures regularly and Site Specialists will routinely make site visits to ensure that registration is following proper protocols.

III. Conclusion

CHD is committed to protecting and improving the health of the people of Cincinnati. CHD has a FQHC designation status and serves over 40,000 patients annually. The purpose of an FQHC is to provide comprehensive healthcare to underserved populations (uninsured, under insured, and impoverished community members). CHD entered into a contractual agreement with HRSA approved OCHIN in 2013 to perform billing and collection services.

The audit revealed several opportunities for CHD to strengthen its internal controls over the billing and collections process. IA recommends identifying a CR who will be responsible for monitoring contract oversight, recruiting and retaining employees to fill key personnel roles in the fiscal division, working with OCHIN to develop coding error reports to review and analyze, and provide the Credentialing Specialist with additional training and support. Finally, CHD management should routinely audit users with Epic access, and develop and document Epic internal guidelines. Implementing these recommendations will ensure proper internal controls over the FQHC billing and collections process.

IV. Cincinnati Health Department Response

city of CINCINNATI
Interdepartment Correspondence Sheet

Date: June 15, 2022

To: Internal Audit

From: Dr. Grant Mussman, Interim Health Commissioner, Mark Menkhaus Jr. CFO

Subject: CHD response to FQHC Billing and Collections Audit

In relation to FQHC Billing and Collections Audit performed by Internal Audit, the Cincinnati Health Department has reviewed each of the findings and associated recommendations and hereby provides the following responses.

Recommendation 1: CHD should identify a CR who will be responsible for monitoring contract performance and reviewing invoices for accuracy and compliance. Additionally, the CR will be responsible for notifying the CEO if terms of the agreement are not met.

Agree. CHD has identified the CFO as the sole party to serve in this capacity.

Recommendation 2: CHD should demonstrate a commitment to recruit, develop, and retain competent individuals to fill key roles within the fiscal division.

Agree. CHD has onboarded five team members to the fiscal section in FY22. With staffing currently at an appropriate level, the focus for FY23 will be skills-development for new staff members and cross-training for all staff.

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Disagree. The finding implies that the coding support services provided by OCHIN overlap with the role of the coder that CHD employs, and that savings could be attained by renegotiating that part of the contract scope. The coding provided by OCHIN is not duplicated by the role of the CHD employee.

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