CONDUCTING A HIGH VALUE CAPTURE ASSESSMENT

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Missed or miscoded charges and overcharges pose potential compliance risks and can have significant negative impacts on a hospital's finances. It is critical to ensure policies and procedures are enforced throughout the organization and key process owners understand their importance in the compliance and revenue recognition processes. Timely and accurate charge capture, as well as comprehensive revenue reconciliation and governance processes will help ensure compliance, address rework, and ultimately improve net revenue. Focused attention on charge capture functions typically will enhance revenues and margins, and effective internal controls lead to greater charging compliance.

The charge capture, charge master, charge posting, and revenue reconciliation processes are all critical elements of the overall provider revenue cycle. Without standard and reliable processes, poor coding and missed charges can affect healthcare organizations significantly, and overcharging is equally if not more detrimental than undercharging. To help mitigate risks associated with the various charge capture processes, routine reviews should be performed to assess the effectiveness and adequacy of key controls.

Medicare Recovery Audit Contractor (RAC) and Medicare Administrative Contractor (MAC) take-backs, additional documentation requests (ADRs), and forensic audits are all potential compliance risks that can significantly affect a healthcare organization's bottom line. Charge capture errors often lead to overpayments that must be reimbursed to the payer, and errors identified internally or by regulators are often associated with penalties, additional labor costs, and negative publicity.

The Department of Health and Human Service (HHS) Office of Inspector General (OIG) discovered billing noncompliance in 46 of 253 claims at a Missouri Hospital in 2011 and 2012,resulting in approximately $414,000 in overpayments.[1] The root cause for these overpayments related to inadequate internal controls for Medicare billing specifically related to insufficient documentation for billed procedures, incorrectly billed inpatient accounts, and manufacturer credits for replaced medical devices not being reported. The hospital refunded

Medicare for 39 of the claims where it agreed an overpayment was made and went through the Medicare appeal process for the remaining seven.

Similarly, an audit of a Utah hospital revealed billing noncompliance in 49 of 232 claims, or approximately $173,000 in overpayments.[2] For the Utah hospital, the root cause for overpayments related to incorrect DRG assignments, as well as insufficient documentation for billed procedures, incorrectly billed inpatient accounts, and unreported manufacturer credits for replaced medical devices. Based on the results identified, this hospital created a corrective action plan to strengthen internal controls.

Based on the sample results, the OIG can and often does extrapolate an overpayment estimate for the audit period and applies that extrapolation to the entire population that could result in a significant amount of lost revenue. The time period used to determine the population often depends on how long it is believed that the payment error occurred.

Scoping considerations

Although charge capture assessments and reconciliation efforts should be a holistic approach, healthcare providers may choose to focus on specific departments and/or service lines (including physician groups) that typically have the most risk for charge capture compliance. These may include areas that are often dependent upon manual interpretation and charge entry, which poses an increased opportunity for human error. Manual intervention is inherent to services that are soft-coded (i.e., manually assigned) by coding or clerical staff referencing clinical documentation and/or department charge sheets. The areas to consider are those that

typically provide the best return on investment and opportunities for improvement such as operating rooms, catheterization laboratories (cath labs), pain centers, and emergency departments to name a few. Common charge capture errors include surgical or cath lab procedures with missing/invalid supplies, devices, or implants; missing/invalid fluoroscopy charges on pain management procedures; infusions and injections; incorrect emergency department visit level assignments; and missing/invalid bedside procedures.

Providers should also ensure that protocols are in place to review areas where charge interfacing errors may occur. These often include services where clinical documentation commonly occurs within disparate systems that interface into the patient accounting system (e.g., lab, pharmacy, radiation therapy, and oncology services) and often require support and technical intervention to assess and address.

Healthcare providers should also ensure processes are in place to conduct reviews for acute daily and hourly accommodation levels. These would focus on validating that the appropriate level of care was provided. Typically, this requires coordination and effort between nursing and case management. For example, NICU and Nursery accommodations are common areas of risk due to the varying levels of acuity for newborns.

In addition to the commonly targeted departments for charge capture audits mentioned above, the revenue integrity department (or other function with charging oversight and monitoring responsibilities) and key department leaders should be consulted when determining the scope of a charge capture assessment to ensure the

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departments with high risk or known opportunities for improvement are included. Revenue integrity often has insight into common charge and billing errors that occur prior to claims being submitted and should also be aware of changes in payer charging/reimbursement policies that require compliant billing practices for ensuring optimal reimbursement. Care delivery department leadership may be aware of personnel or process changes that may be of high value for inclusion in a charge capture review. Results and key themes identified through any revenue integrity department quality assurance efforts and data analysis from existing charge capture audit tools can also be used as key scoping considerations. This will help identify outlier departments that routinely have errors with charge capture processes.

The scope of a charge capture assessment should be responsive to key provider stakeholder needs and targeted around existing or emerging governmental regulations and common charge guidelines, compliance risks, and any known or suspected operational gaps that lead to potential missed charge opportunities.

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Assessment methodology

A successful charge capture assessment is one that is structured to target key clinical areas and departments that pose the most risk from a charge capture compliance and net revenue leakage perspective. A comprehensive assessment covers planning, execution, reporting, and follow up, using widely accepted frameworks and methods designed to bring value to the organization.

Once the scope is identified, an in-depth assessment of charge capture inputs, outputs, and systems should be conducted. The assessment team should consider conducting in-person observations within specific clinical, coding, and clerical departments to evaluate firsthand the current state of processes for clinical documentation, coding, charge capture, and charge reconciliation efforts. The goal is to identify control gaps, process work-arounds or variation from established protocols, and any potential opportunities for improvement. Observations also give the reviewer an opportunity to assess the overall department workflow to identify any additional risk areas and mitigating control activities.

Documentation review, sample-based testing, and data analysis are also important activities that should be considered as part of a charge capture assessment. This could include conducting medical record and billing audits through a review of clinical documentation such as physician reports and orders, nursing notes, clinician charge sheets and the corresponding processes within the patient accounting system and clinical applications to assign charges associated with the documented provision of services.

Reviewing clinical documentation and comparing against billed charges will assist in identifying any documentation/charge discrepancy issues. This is also a very good way to evaluate any potential drug diversion issues or lack of mitigating controls. In addition to conducting detailed chart and billing audits, key charge capture and reconciliation controls should be tested to evaluate the overall effectiveness of charging and billing practices (e.g., surgical schedules can be compared against charges entered on a patient account to validate at a high level that at least all completed cases have an associated charge). In addition, supply reports from automated dispensing units can be reviewed to validate appropriate supply charges were posted to the patient account. Data analysis can also be conducted to identify gaps in the charge capture process (e.g., department revenue and usage reports can be reviewed to identify outlier patient accounts that are missing key procedure charges; supply reports can be reviewed to identify chargeable items charged back to the department or cost center rather than to the patient account).

During the current state assessment, process and technology control gaps that create potential charge capture and regulatory risk are identified and should be documented in a simple risk and control matrix (RCM) that can serve as a tool to help determine the overall risk of each identified control gap. Once identified, control gaps should be prioritized based on the level of risk and potential implication, and they should be communicated to key stakeholders to validate their legitimacy and accuracy. Recommendations from industry leading practices should be documented to assist management in developing departmental and/or enterprise-wide risk mitigation action plans. Defining operational ownership, outlining recommendations, establishing action plan timing, and setting expectations for leadership are all key elements to an effective charge capture assessment and "go forward" plan. Revenue integrity (or other oversight, monitoring, and reporting body) is an ideal function to assist with risk mitigation action items, progress tracking, and the development and timely implementation of the planned future state to ensure consistency in process redesign and adherence to newly developed processes and standards.

Charge capture control framework

When addressing changes to be made to the charge capture processes, a control framework is beneficial for providing personnel who have charge capture responsibilities with a baseline for identifying process risks, developing process controls, and enhancing key charge capture processes. Using a control framework can positively

affect the organization by reducing charging and billing errors and establishing a common understanding for expectations. The framework provides a comprehensive and encompassing approach to conducting a charge capture assessment and outlines key internal controls and processes that should be in place within each department or area. The charge capture process starts with patient arrival and should conclude with a daily reconciliation of charges to services provided. Below are some common activities that should be performed to ensure adequate controls are in place for effectively capturing charges.

Patient arrival
◆ Ensure a reliable schedule, logbook, or department appointment report/mechanism is established to document all patients treated.
◆ Identify and select the correct patient account number upon arrival.
◆ Confirm that the patient account numbers in medical record documentation and patient labels match prior to treating the patient.

Charge sheet/Screen utilization
◆ All departments should have a charge sheet/screen documenting all chargeable procedures and supplies.
◆ Review completed charge sheets/screens for discrepancies prior to posting.
◆ Charge sheets/screens should be reviewed on a semiannual basis for completeness and be updated as needed.

Charge entry
◆ All charges should be posted on or as close to the day of service as possible.

◆ The patient account number should be verified prior to posting charges.
◆ Only charges documented on the charge sheet/screen should be entered.
◆ Items entered into the system should be visually inspected for accuracy prior to posting.

Daily reconciliation
◆ Reconcile charge sheets/screens to a schedule, logbook, or other department appointment report/mechanism to ensure charges are captured for all patients treated.
◆ Reconcile charges posted to ensure accurate and complete entry of all charges.
◆ Review error reports and reconcile corrections.

Foundational standards
Overall organization-wide foundational standards should be established to ensure consistent and accurate charge capture. An entity-wide charge capture policy should be established to help ensure accountability and standardized charge capture practices across an organization. Documented policies and procedures set the foundation for an effective and compliant charge capture process.

The price threshold for the materiality posting criteria should be determined and established by the organization. Any supply that is greater than the determined amount should have a Charge Description Master (CDM) number and should be captured. Miscellaneous Charge Posting (MCP) should not be used for any purpose other than posting charges for supplies that are classified as truly miscellaneous items. Where possible, charge capture/charge audit tools should be used to identify missed charge opportunities. In addition, trending

of common charge errors should be conducted and feedback should be provided to the responsible personnel to help ensure charge accuracy on the front end.

The revenue integrity department should also play a key role in the charge capture and charge reconciliation processes, because they often work in tandem with operations, finance, and compliance to ensure revenue-generating departments are supported throughout the process. Revenue integrity should be responsible for implementing monitoring and performance reports that ensure compliance with the CDM and that identify trending and continuous improvements within CDM structure and charge capture/reconciliation. This can involve reviewing the CDM to ensure only unique and active charge codes exist.

The revenue integrity team is also instrumental in providing chargeable vs. non-chargeable guidance, charge capture training, and education to department personnel so that rework is eliminated and/or reduced and compliance issues are minimized. They can also work with the compliance department to perform continuous monitoring activities to help ensure charging accuracy and compliance. Revenue integrity should also facilitate collaborative discussions among clinical departments, decision support, patient accounts, and patient access to achieve leading practice standards for charge capture and reconciliation, and they discuss that any variances from the established baseline standards are understood and agreed upon.

Conclusion
Leading practices for revenue reconciliation ensure there is a structure and approach that fosters internal problem-solving techniques

and escalation pathways within the department, revenue integrity, finance, compliance, and IT for any support needs. Key performance indicators and process improvement metrics and drivers should be defined. Healthcare providers should use industry leading practices and benchmarking targets for timely documentation, charge capture, and overall charge reconciliation compliance to ensure any process redesign aligns to the desired and improved future state. Assessment oversight and foresight ensure charge capture and reconciliation controls and business processes are executed and operating as intended, as well as ensuring compliance with payer requirements. **CT**

Endnotes
1. Office of Inspector General (OIG), Office of Audit Services, "Medicare Compliance Review of Missouri Baptist Medical Center for 2011 and 2012" Audit (A-07-14-05058). January 28, 2015. https://bit.ly/2FwDcVF
2. OIG, Office of Audit Services, "Medicare Compliance Review of Utah Valley Regional Medical Center for 2010 and 2011" Audit (A-07-13-05048) January 28, 2015. https://bit.ly/2QSquSz

Takeaways

◆ Compile department/management feedback and data available to create assessment scopes.

◆ Chart reviews, data analysis, and observations are key assessment activities.

◆ Use a charge capture control framework to conduct a comprehensive review.

◆ Charge Description Master (CDM) and charge sheet/screen maintenance activities are critical to a successful charge capture program.

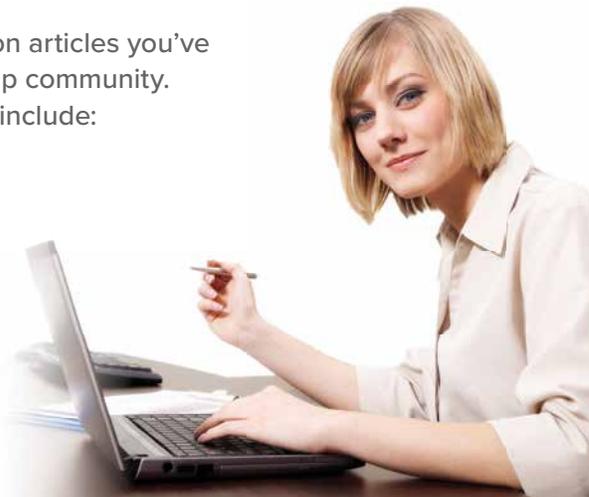◆ Policies and procedures should be established to create a sound charge capture foundation.