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DEPARTMENT OF AUDITOR-CONTROLLER

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WENDY L. WATANABE
AUDITOR-CONTROLLER

September 26, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **REVIEW OF RANCHO LOS AMIGOS NATIONAL REHABILITATION CENTER'S AFFINITY-HOSPITAL INFORMATION SYSTEM**

We reviewed the Department of Health Services (DHS) Rancho Los Amigos National Rehabilitation Center's (RLA) controls over its Affinity-Hospital Information System (System). The System is used to record and process patient services information and prepare related accounts for billing. In Fiscal Year 2012-13, RLA used Affinity to account for medical services to approximately 13,000 patients, and to prepare approximately $394 million in related billings.

The purpose of our review was to ensure County resources are safeguarded, and that DHS is complying with applicable policies and procedures. Our review included determining whether System controls are adequate to ensure that patient services are processed timely and accurately.

Results of Review

Our review disclosed weaknesses in RLA's recording of medical services in the System, including a data entry backlog, data entry errors, and a lack of review/approval over the coding of patient services. RLA plans to replace Affinity in 2015. However, the control weaknesses require immediate attention because they are resulting in lost revenue, inaccurate financial reporting and potentially violate federal Health Insurance Portability and Accountability Act (HIPAA) rules.

We also noted that some uncollectable accounts in the System have not been written-off, and that System users who have left RLA and a RLA contractor, are still listed on the Affinity active user roster. Specifically:

- **System Data Entry Backlog** - RLA needs to address its System data entry backlog of patient services. RLA's practice is to enter services within one month of patient discharge. Using Computer-Assisted Audit Techniques (CAATs), we determined that RLA staff had not updated the System for the medical services provided to 927 patients who had been discharged for at least a month prior to our review. This includes several patients with discharge dates dating back to the late 1990's. These backlogged System updates result in inaccurate financial and medical records/reports, and unbilled charges estimated at $850,000.

  RLA's attached response indicates that since 2012, they have made extensive efforts to resolve the medical services data input backlog, specifically addressing staffing needs and improving clinician documentation with targeted programs and processes. They also indicate that they have implemented additional procedures to monitor and ensure the timely input of patient service documents, and that this process will improve significantly when they replace Affinity in 2015.

  RLA's response also indicates that 101 of the 927 patients in our report had been input into Affinity, but staff did not indicate in the System that the coding was complete. Since staff did not finalize these records, they continue to appear on incomplete coding reports and are not reflected on management reports on patient services. RLA management should monitor incomplete coding records to ensure staff complete coding in the System.

- **Uncollectible Accounts Not Written-off and Unclear System Billing Status** - RLA needs to write-off uncollectable accounts in the System and ensure the System clearly reflects billing status. We identified at least $55 million in charges, on 1,889 patient accounts with an unbilled status in the System, that had exceeded the standard insurance provider/program billing timeframes. Because there are certain exceptions to these timeframes, we reviewed 20 of the accounts and noted:

  - Twelve (60%) accounts, totaling $659,675 in charges, were no longer collectable and should have been written-off.

  - Eight (40%) accounts were still potentially collectable because they were pending insurance authorization or were in litigation. However, the System did not clearly reflect their status.

  RLA's response indicates that they delayed writing-off uncollectable accounts because they were short-staffed and could not hire due to a hiring freeze.

However, since the hiring freeze was lifted in January 2013, RLA is hiring more staff, and will ensure account write-offs are regularly performed.

RLA disagrees that they need more specific Affinity status types because they manually track the specifics outside the system, and they do not plan to change Affinity since it is being replaced. However, we believe a more specific System status should be evaluated in the new system to help improve account oversight and potentially reduce the need for manual account tracking.

- **Missing Insurance Pre-authorizations and Supporting Documents** - RLA needs to ensure staff obtain insurance pre-authorizations and retain medical records to bill patient services. We noted that for seven (58%) of 12 uncollectable accounts reviewed, staff did not get insurance pre-authorization or could not locate supporting medical records before the billing timeframes expired.

  RLA's response indicates that they have improved the process for obtaining insurance pre-authorization, and that the process for retaining medical records will improve significantly when they replace Affinity in 2015. We also confirmed that RLA staff located the medical records that were not available for billing.

- **Inaccurate Patient Services Coding** - RLA needs to ensure that staff accurately input all patient services/charges in Affinity. Four (14%) of 28 patient accounts we reviewed had input errors, including one instance where staff entered the wrong surgery charge, resulting in $125,994 in overcharges. We also noted supervisors do not consistently review staffs' work as required by RLA's coding procedures.

  RLA's response indicates that they have established internal controls to help staff enter patient services/charges in the System accurately. They also implemented coding process/review improvements in 2012, and will develop policy on annual external coding audits to help ensure coding data integrity. RLA also indicates that they had implemented many coding process improvements in 2011, including random coding audits. Although coding supervisors confirmed many of the improvements, they told us that they do not perform random coding audits. RLA should ensure coding supervisors review coder's work as required.

- **Unrecorded Patient Services** – RLA needs to ensure all patient services are entered into Affinity. We noted that staff do not input services when they cannot be billed, such as when the medical records are incomplete. This results in inaccurate records/reports, such as incomplete reports used for forecasting and staffing, and understates accounts receivable and bad debt records. We estimate that during FY's 2009-10 through 2011-12, RLA's financial records/reports cumulatively excluded at least $1.1 million in charges. Even though this is a relatively small portion of RLA's $420 million in receivables, RLA should ensure unbillable patient services are recorded in the System.

RLA's response indicates that currently they code patient services when appropriate provider documentation exists, even if the services cannot be billed, and that they have implemented processes to help address the documentation issues that have contributed to patient services not being recorded in the System. These documentation issues will also be substantially reduced when they replace Affinity in 2015.

- **No Review of System Record Cancellations/Changes** - RLA needs to establish a process to review and approve cancellations and changes to patients' System records. Currently, medical coders can cancel System coding records and/or change a patient's Affinity record without review/approval, increasing the risk for error or inappropriate activity. The System also does not produce reports on patient record cancellation/change activity for supervisors to monitor/review.

  RLA's response indicates that the Affinity replacement system will require electronic approval for all coding approval requirements, including cancellations and changes to patient's System records, and that it would not be practical for them to enhance Affinity. In the interim, RLA has created a custom report on coding record cancellations and identified an Affinity report on changes to patient's diagnosis codes, for supervisors to review.

- **Inappropriate System Access** - RLA needs to cancel each user's Affinity access when no longer required for their job duties. We noted 28 System users left RLA or RLA's contracted collection agency from one to 18 months prior to our review, but were still listed on RLA's active user roster. Other System access controls that RLA needs to address include obtaining written authorization before granting System access, monitoring users with high-level access, and enforcing password complexity requirements.

  RLA's response indicates that they improved the process for deactivating terminated user's Affinity access. They will also grant System access only after users complete and sign the access authorization and security acknowledgement forms; will review and monitor users with high-level access; and are working to enforce password complexity with a target date of December 31, 2013.

Details of these and other findings and recommendations are included in the attached report (Attachment I).

The issues noted in our review are specific to RLA's System. DHS should review the Affinity systems/processes at other DHS facilities to correct any similar deficiencies.

As mentioned earlier, RLA plans to replace Affinity in 2015. However, the control weaknesses we noted are resulting in lost revenue and inaccurate financial reporting, potentially violate HIPAA rules, and warrant immediate attention. RLA needs to correct

these deficiencies immediately and consider the findings and recommendations from our review when developing requirements for the replacement system.

Acknowledgement

We discussed our report with RLA management who generally agreed with our findings and have already implemented some of our recommendations. RLA's response is attached (Attachment II).

We thank RLA management and staff for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Robert Smythe at (213) 253-0101.

WLW:RS:MP

Attachments

c: William T Fujioka, Chief Executive Officer
Mitchell H. Katz, M.D., Director of Health Services
Public Information Office
Audit Committee

DEPARTMENT OF HEALTH SERVICES
RANCHO LOS AMIGOS NATIONAL REHABILITATION CENTER
AFFINITY-HOSPITAL INFORMATION SYSTEM REVIEW

Background

The Department of Health Services' (DHS) Rancho Los Amigos National Rehabilitation Center (RLA) uses the Affinity-Hospital Information System (Affinity or System) to record and process patient services information and prepare related accounts for billing. In Fiscal Year (FY) 2012-13, RLA used Affinity to account for medical services to approximately 13,000 patients, and to prepare approximately $394 million in related billings. The County also contracts with a collection agency that uses Affinity to access patient records.

Our review disclosed control weaknesses in the Affinity System. RLA management indicated that some of the issues are due to the System's age, and RLA plans to replace Affinity in 2015. However, the control weaknesses noted in our review are resulting in lost revenue and inaccurate financial reporting, and potentially violate federal Health Insurance Portability and Accountability Act (HIPAA) rules. Therefore RLA needs to correct these deficiencies immediately. In addition, RLA management should consider the findings and recommendations from our review when developing requirements for the replacement system.

Recording Patient Services in Affinity

RLA medical staff manually document patient services/orders on hard copy forms and place them in patients' case files. Medical coders then sort through the case information, including numerous forms and medical notes, and enter the patient services data into Affinity. Once the data is in the System, medical billers can bill the patient's insurance coverage.

Data Entry Backlog

While reviewing System input controls, we noted a data entry backlog of patient services. RLA's practice is to enter services within one month of patient discharge. Using computer-assisted audit techniques (CAATs), we identified that RLA staff had not updated Affinity with the inpatient and/or outpatient medical services provided to 927 patients who had been discharged for at least a month prior to our review, and in at least nine cases as far back as the late 1990's. The lack of updates is creating billing delays, a potential loss of revenue, and inaccurate financial and medical records/reports. Specifically, RLA staff have not input:

- Services provided on 906 outpatient visits for 812 patients who have been discharged as far back as February 2010. During this period, RLA charged on average $938 per outpatient visit. We estimate that RLA potentially has $850,000 in unbilled charges for the 812 outpatients whose records have not

been entered into the System. Thirty-six of the outpatients have been discharged for over a year, increasing the risk that the services may have exceeded insurance carrier billing timeframes, and potentially rendering the charges no longer reimbursable.

- Services provided to 115 (12%) inpatients. Although these services are periodically billed at a daily rate based on broad care categories (e.g., intensive care, acute medical, surgical, etc.) noted in the System, some of the specific services have not been reflected in Affinity as far back as 1997, resulting in incomplete electronic medical records and inaccurate management reports.

RLA coding supervisors indicated that the data entry backlog exists because medical staff do not always provide coders with patient service delivery documents, the documents may be illegible, and RLA does not have enough coders to address the workload. However, RLA management could not support that they have taken action to resolve the backlog, such as requesting overtime or seeking additional staffing. RLA also does not have an effective method of monitoring patient service delivery documents to ensure they are entered into Affinity timely.

Recommendations

Rancho Los Amigos management:

1. **Resolve the medical services data input backlog, including addressing issues impacting the timely input of patient service documents, such as staffing and overtime needs, and missing or illegible patient service delivery documents.**

2. **Implement policies and procedures to monitor and ensure the timely input of patient service documents.**

Unrecorded Accounts

Medical coders do not enter patient services in the System if the services cannot be billed, such as when the medical records are incomplete. This results in inaccurate medical and financial records/reports, such as incomplete management reports used to forecast and staff operations, and understated accounts receivable and bad debt records. During FYs 2009-10 through 2011-12, RLA's records show that staff did not record services provided on 1,158 outpatient visits because of incomplete medical records. Using the average outpatient charge per visit identified above, we estimate patient services of approximately $1.1 million have not been recorded in the System. Even though this is a relatively small portion of RLA's $420 million in receivables outstanding as of June 2012, to ensure medical and financial records/reports are accurate, RLA should ensure unbillable patient services are recorded in the System.

Recommendation

3. **Rancho Los Amigos management ensure unbillable patient services are recorded in the System.**

Unbilled Accounts

Using CAATs, we compared patient accounts with an unbilled status to the corresponding insurance carrier's billing timeframes and noted that at least $55 million in charges on 1,889 patient accounts had exceeded the standard insurance provider billing timeframes. RLA management indicated that there are exceptions to the standard billing timeframes and that some of these accounts are pending litigation or insurance authorization prior to being billed. Therefore, we reviewed 20 of these accounts and noted:

- Twelve (60%), totaling $659,675, and dated as far back as January 2010, are no longer collectable and had not been written-off, diminishing the accuracy of accounts receivable records. Specifically, five accounts had been billed, but the insurance carrier subsequently denied them. However, for the other seven accounts, staff did not get insurance pre-authorization or could not locate supporting medical records before billing timeframes expired.

- Six (30%) were pending litigation or insurance authorization and may still be billable and collectable. However, the discharge status in Affinity does not clearly reflect why the accounts are not billed. To more accurately reflect each account's status and help management better monitor unbilled accounts, RLA management should create additional status types in Affinity for accounts pending insurance authorization or litigation.

- Two (10%) were billed, but Affinity did not reflect a billed status. These inconsistencies exist because all the billings take place outside of the System and staff have to update the System accounts' status manually. RLA management should evaluate automating the status update process, and/or establishing an account reconciliation process between Affinity and the billing systems, to reduce the risk of human error and improve the unbilled account monitoring process.

RLA management needs to implement the following recommendations.

Recommendations

Rancho Los Amigos management:

4. **Ensure staff obtain pre-authorizations and retain medical records to bill services.**

5. **Seek to write-off the uncollectable accounts noted, and ensure staff write-off future uncollectable accounts timely.**

6. **Create additional status types in Affinity for accounts pending insurance authorization or litigation.**

7. **Evaluate automating the status update process and/or establishing an account reconciliation process between Affinity and billing systems.**

Transaction Accuracy

We reviewed 28 accounts from RLA's accounts receivable records and noted four (14%) instances where the information recorded in the System did not agree with the documentation in the patient's case file. In one instance, a coder manually calculated and entered an incorrect surgery charge in the System, resulting in $125,994 in overcharges. For the other three instances, coders entered the wrong services in the System or did not record a service provided. Although these three errors had no financial impact, the collective impact of similar errors can reduce the accuracy of Affinity records, and such errors/omissions increase the risk for inappropriate billings and revenue loss.

We also noted that RLA needs to improve the coding process to reduce the risk for inaccurate medical and financial records, inappropriate billings, and to ensure compliance with HIPAA security rules requiring data integrity. Specifically:

- RLA supervisors do not review the accuracy of the patient services information that coders' data enter or change/update in the System, as required by RLA's coding procedures. RLA management indicated that they do not review coders data input, or changes/updates, because they hire a vendor to perform the reviews. However, RLA has not contracted for coding review services in over two years.

- RLA supervisors do not review the validity of the patient coding records that coders cancel in the System. Management indicated that supervisors are supposed to manually review and pre-authorize patient coding record cancellations. However, we noted these approvals are not documented.

The System also does not require electronic approvals, and does not produce reports on patient record cancellation/change activity for supervisors to monitor/review.

Recommendations

Rancho Los Amigos management:

8. **Correct the patient service records identified as part of our audit procedures.**

9. **Establish appropriate internal controls to ensure staff enter patient services/charges in the System accurately.**

10. **Implement procedures for supervisory or other (contracted) review of coders' data entry, changes, and cancellations of patients' System records.**

11. **Evaluate enhancing Affinity to require electronic System approvals for all coding approval requirements, and for producing reports on cancellations and other changes to patient records.**

Safeguarding Patient Documents

During our review, we noted five accounts were missing a total of 12 documents required when admitting, transferring, and/or discharging patients. Although RLA has other documentation to support the services billed, the missing documents potentially contain confidential patient information and could be subject to the HIPAA privacy rules. We could not determine if the 12 missing documents were ever created and therefore cannot conclude that they are lost. In the future, RLA management needs to consult with their facility's Medical Records Director to determine if an investigation is needed when incidents arise of missing documents containing confidential patient information.

Recommendations

Rancho Los Amigos management:

12. **Ensure all required documents are included in patient files.**

13. **Consult with the facility's Medical Records Director to determine if an investigation is needed when incidents arise of missing documents containing confidential patient information.**

Access Controls

Inappropriate User Access

County Fiscal Manual (CFM) Section 8.6.3 requires departments to limit system access based on work assignments to reduce the risk of errors or inappropriate activity. These controls also help ensure compliance with HIPAA security rules requiring data integrity.

We noted 28 Affinity users with inappropriate access. Specifically, the 28 users separated employment from RLA or its collections contractor, from one to 18 months prior to our review, but were still listed on RLA's active user roster. RLA staff do not remove on-site employees' Affinity access immediately upon termination, relying instead upon DHS' Health Services Administration (HSA) to provide terminated employee reports, which can be untimely. RLA also indicated that they do not have processes in

place to cancel outgoing off-site Affinity users' access, such as when users working for contractors terminate, or when DHS employees with remote access from other facilities terminate.

We reviewed System activity logs and determined that the inappropriate access was not used. RLA management needs to ensure the timely cancellation of all outgoing employees' and contractors' System access.

Recommendation

14. Rancho Los Amigos management ensure the timely cancellation of all outgoing employees' and contractors' System access.

Access Control Procedures

We noted several administrative and control weaknesses that contribute to access issues:

- RLA does not have written policies and procedures to periodically review users' with high-level System access or monitor their activity, as required by CFM Section 8.6.4. For example, there is no mechanism established for management to monitor or approve the appropriateness of their six System administrators' activity, including additions and changes they may make to user access levels.

- RLA does not always obtain proper written authorization for System access assignments. We noted 15 (75%) of the 20 users reviewed did not have written authorization for their access level, or had an incomplete authorization and security acknowledgement form. RLA staff also indicated that they grant access to medical students before obtaining their signed authorization forms.

- Affinity does not enforce password complexity as required by CFM Section 8.6.4.

To ensure System access is authorized and appropriate, RLA management should implement the following recommendations.

Recommendations

Rancho Los Amigos management:

15. Establish policies and procedures to periodically review users with high-level Affinity System access, and closely monitor activity initiated using their high-level access.

16. Ensure no one is granted System access prior to the completion of signed authorization and security acknowledgement forms.

17. Ensure Affinity enforces password complexity requirements.

Disaster Recovery

CFM Section 8.2.6 requires a Disaster Recovery and Contingency Plan (Plan) for all critical systems. The Plan should be tested periodically and include an alternate emergency work location to ensure the availability of critical resources in an emergency.

In FY 2009-10, external auditors noted that DHS facilities, including RLA, had not fully tested their Plan. We noted that RLA still has not tested its Plan, including testing whether Affinity data can be recovered timely. RLA also does not have an alternate work location with the infrastructure to support critical Affinity processes, as required.

RLA management indicated that they do not have the funding/resources to fully test their Plan or establish an alternate work location. However, RLA management had not prepared any requests for the necessary funding/resources to address the need for disaster recovery testing.

Affinity is essential to patient care, and needs to be a priority in RLA's disaster recovery efforts. To ensure a functioning and reliable plan is in place, and that data and other critical services can be recovered timely, RLA should fully test the RLA Affinity Contingency Plan, including testing an alternate emergency work location.

Recommendation

18. Rancho Los Amigos management fully test the Rancho Los Amigos Affinity Contingency Plan, including testing an alternate emergency work location.

Information Technology (IT) Risk Assessment

Board Policy 6.107 requires departments to assess information security risks on critical IT services, as part of the Auditor-Controller's Internal Control Certification Program (ICCP). RLA management identified Affinity as a critical IT service. Departments must certify that proper controls are in place, or that action is being taken to correct any weaknesses or vulnerabilities.

RLA management's completion of its ICCP should have resulted in the identification of many of the control weaknesses and vulnerabilities noted in our review, such as weak access and input controls, and the untested disaster recovery/contingency plan. However, RLA's most recent certification indicates that the appropriate controls were in place, and reported no exceptions.

To help RLA managers evaluate and improve internal controls over Affinity, management should ensure staff properly complete the ICCP.

Recommendation

19. **Rancho Los Amigos management ensure staff properly complete the Internal Control Certification Program.**

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September 16, 2013

TO: Wendy L. Watanabe
Auditor-Controller

FROM: Mitchell H. Katz, M.D.
for Audit and Compliance Division

SUBJECT: **RESPONSE TO AUDITOR-CONTROLLER'S AFFINITY SYSTEM REVIEW AT RANCHO LOS AMIGOS NATIONAL REHABILITATION CENTER**

Attached is the Department of Health Services' response to the recommendations made in the Auditor-Controller's report of its review of the Affinity Hospital Information System at Rancho Los Amigos National Rehabilitation Center. We have taken or initiated corrective actions to address many of the recommendations contained in the report.

If you have any questions or require additional information, please let me know or you may contact Tobi L. Moree at (213) 240-7901 or Elizabeth Guzman at (213) 240-7759.

MHK:tlm:eg

Attachment

c: Anish Mahajan, M.D.
Jorge Orozco
Tobi L. Moree

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
RESPONSE TO AUDITOR - CONTROLLER AFFINITY AUDIT AT
RANCHO LOS AMIGOS NATIONAL REHABILITATION CENTER

This is in response to the Auditor-Controller's review of the Rancho Los Amigos National Rehabilitation Center's (RLANRC) Affinity Hospital Information System (System) conducted in 2011. The Department's response for each recommendation is as follows:

Auditor-Controller Recommendation No. 1

RLANRC management resolve the medical services data input backlog, including addressing issues impacting the timely input of patient service documents, such as staffing and overtime needs, and missing or illegible patient service delivery documents.

DHS Response:

We partially agree. RLANRC has made extensive efforts to resolve the medical services data input backlog, specifically addressing staffing needs and improving the documentation by clinicians with targeted programs and processes since 2012. RLANRC has added 15 additional Health Information Management (HIM) staff over the past three years to resolve the medical services data input backlog and staff have worked overtime specifically to assess the issues, implement corrective actions and maintain the Outpatient coding area. In Fiscal Years (FY) 2009-2010, and FY 2011-2012, 755 and 2,548 overtime hours were worked respectively.

In order to resolve the issue of missing or illegible patient service delivery documents, the following have been implemented:

- In 2011 an Outpatient Documentation Reconciliation Administrative and Management Team was established to review processes starting when the patient presents in the clinic through receipt of documentation in the Health Information Management (HIM) Department.

- Seventy percent (70%) of our outpatient providers are now using electronic documentation which decreases the number of paper documents needed to be tracked for coding. With the implementation of EHR in calendar year 2015, all providers will use electronic documentation.

- The first complete and successful Clinical Documentation Improvement (CDI) process in Los Angeles County Government (the County) was implemented at RLANRC in 2011. The CDI process includes on-going physician education and participation, and concurrent and retrospective

medical record reviews (queries). The concurrent query process allows the physician and medical records staff to successfully communicate while the patient is still an inpatient admitted to the facility. Both the concurrent and retrospective query tools have been helpful for communicating with the physicians to obtain the necessary information related to patient care, coding requirements, and any additional data at the point of care; thereby, ensuring a more timely input of accurate documentation.

The Auditor-Controller (A-C) stated in their finding that RLANRC staff did not input services provided on 906 outpatient visits for 812 patients who were discharged as far back as February 2010. The 906 outpatient accounts represents 0.59% of the 152,816 total outpatient visits for the two years reviewed (February 2010 through February 2012). RLANRC believes that based on the accuracy rate of 151,910 (99.41%), 906 (0.59%) is immaterial. Based on payor reimbursement for the impacted accounts, potential revenue loss related to the 906 (0.59%) outpatient accounts is approximately $250,000.

RLANRC disagrees with the A-C's findings that RLANRC staff did not input services provided to 115 inpatients. Services provided to 101 of the 115 inpatients had been input into Affinity and were not in backlog; however, the coders did not indicate in Affinity that the inpatient coding was complete. Also, during the 14 1/2 year time period reviewed from September 1, 1997 through February 29, 2012, there were 45,846 patients discharged from RLANRC, which indicates that services provided were input for 45,731 patients, which reflects an accuracy rate of 99.75%. RLANRC believes that the inaccuracy rate of 115 (0.25%) is immaterial.

Auditor-Controller Recommendation No. 2

RLANRC management implement policies and procedures to monitor and ensure the timely input of patient service documents.

DHS Response:

We agree. In 2009, RLANRC had a tracking system in place to monitor and ensure the timely input of patient service documents. Additional procedures to monitor and ensure the timely input of patient service documents have been implemented as follows:

- In 2011 an Outpatient Documentation Reconciliation Administrative and Management Team was established to review processes starting when the patient presents in the clinic through receipt of documentation in the Health Information Management (HIM) Department.

- Seventy percent (70%) of our outpatient providers are now using electronic documentation which decreases the number of paper

documents needed to be tracked for coding. With the implementation of EHR in calendar year 2015, all providers will use electronic documentation.

- The first complete and successful CDI process in the County was implemented at RLANRC in 2011. The CDI process includes on-going physician education and participation, and concurrent and retrospective medical record reviews (queries). The concurrent query process allows the physician and medical records staff to successfully communicate while the patient is still an inpatient admitted to the facility. Both the concurrent and retrospective query tools have been helpful for communicating with the physicians to obtain the necessary information related to patient care, coding requirements, and any additional data at the point of care; thereby, ensuring a more timely input of accurate documentation.

Electronic Health Record (EHR), scheduled for implementation at RLANRC in 2015, will significantly improve the timely recording of the patient services provided by requiring electronic documentation to be performed at the point of care.

Auditor-Controller Recommendation No. 3

RLANRC management ensure unbillable patient services are recorded in the System.

DHS Response:

We agree. Daily tracking mechanisms were implemented in May 2009 to track inpatient and outpatient provider documentation. HIM Coders currently record all patient services in the System, by completing the abstract, when appropriate provider documentation is received regardless of whether the services are billable or unbillable.

Coding cannot be completed when provider documentation is incomplete or illegible. The Outpatient Documentation Reconciliation Administrative and Management Team and CDI process, both established in 2011, and electronic documentation used by 70% of our outpatient providers help to address the issue of incomplete or illegible documentation. EHR implementation at RLANRC is anticipated during calendar year 2015. The EHR methodology will substantially reduce instances of incomplete and/or illegible provider documentation which is the primary cause of coding/abstraction delays and unbilled charges. Based on payor reimbursement for the impacted accounts, potential revenue loss for the unrecorded accounts from November 13, 2009 through May 11, 2012, was $317,292.

Auditor-Controller Recommendation No. 4

RLANRC management ensure staff obtain pre-authorizations and retain medical records to bill services.

DHS Response:

We agree. Prior to July 2010, outpatient Patient Resource Workers (PRW) were assigned to Ambulatory Care Management and had difficulty obtaining pre-authorizations. In July 2010, outpatient PRWs were reassigned to Finance-Patient Financial Services department. PRW staff were retrained on the on-line eligibility inquiry process and additional processes were put in place to obtain pre-authorization. When an authorization is not received, staff notify the patient that their plan has not provided authorization. If the clinician determines the patient must be seen as a continuity of care issue, then the potential exists for clinic visits that will not be authorized for payment.

Although Medical Records are retained indefinitely and are always available for billing, medical records are scanned and will soon be electronic. EHR, scheduled for implementation at RLANRC in calendar year 2015, will significantly improve medical records retention by requiring electronic documentation to be performed at the point of care.

Auditor-Controller Recommendation No. 5

RLANRC management seek to write-off the uncollectable accounts noted, and ensure staff write-off future uncollectible accounts timely.

DHS Response:

We agree. Staffing deficiencies in Patient Accounts caused a delay in working aged accounts on the Aged Trial Balance Report. RLANRC had seven vacancies (28% vacancy rate) in Patient Accounts and were unable to hire due to a hiring freeze that was effective from February 10, 2009 through January 16, 2013. Patient Accounts staff were assigned to higher priority assignments such as the increase in insurance billing and Medi-Cal Managed Care follow-up. The priorities were to ensure billing was current, and accounts with payor balances outstanding were followed-up in a timely manner. The write-off of County responsible charges was considered the lowest priority during this time as there is no impact to revenue related to this function.

Beginning January 16, 2013, the hiring freeze was lifted and three of the vacancies have been filled. RLANRC will submit Personnel Action Requests (PAR's) to fill the vacancies that exist in Patient Accounts. As additional staff are hired, the write-off of uncollectible accounts function will be re-incorporated into the routine process of account adjudication.

Auditor-Controller Recommendation No. 6

RLANRC management create additional status types in Affinity for accounts pending insurance authorization or litigation.

DHS Response:

We disagree. There are no planned system design changes in Affinity, including the creation of additional status types.

The Account Trial Balance Report is used by Patient Account staff to reconcile between Affinity and billing systems on an ongoing basis. When claims are billed, staff place claims in a tickler file and manually review each account in Affinity on an ongoing basis until final disposition of the account. Many of the accounts in the audit sample were in a Discharge ("D") status because they were not ready to be billed at the time the audit sample was pulled.

Different payers have different time limits for billing claims. However, the clock does not necessarily start ticking based on the date of discharge. For Medi-Cal and Medicare the time limit for billing claims is one year from the date of eligibility with numerous exceptions to the time limit rules based on acceptable delays. Both Medi-Cal and Medicare grant retroactive eligibility to beneficiaries. A patient may have a non-billable resource (i.e., Ability to Pay (ATP), General Relief (GR), etc.) at the time of discharge and receive retroactively approved Medi-Cal or Medicare coverage, months if not years later. In these instances charges on the account can be adjusted off the system soon after discharge and reinstated once the patient becomes eligible for Medi-Cal or Medicare.

Insurance claims denied by health care plans can be appealed and can take several years to receive payment.

Charges are adjusted off the system soon after the patient is discharged for accounts with a non-billable resource. A billable resource may be identified months or years later. At that time the account is placed back into a "D" status and charges are reinstated in order to bill the new resource.

There are instances when the account has been billed and staff did not change the status or inadvertently converted the billed account back to a "D" status. As long as the account has a balance it is monitored regardless of the status. There are other indicators and tools used such as insurance codes, Activity Trial Balance Report, collection flows, etc. that provide a status of accounts.

Accounts remaining in Accounts Receivable (AR) for over one year do not necessarily equate to lost revenue. Of the $55 million in a "D" status in RLANRC's AR at the time of audit, approximately $10 million (19%) has been paid, and $36 million (65%) were contractual adjustments associated with the

$10 million in payments, which accounts for approximately $46 million (84%) of the $55 million.

Auditor-Controller Recommendation No. 7

RLANRC management evaluate automating the status update process and/or establishing an account reconciliation process between Affinity and billing systems.

DHS Response:

We disagree. DHS Finance and Information Technology have determined no additional modifications to Affinity applications will be considered due to the scheduled implementation of the DHS EHR. The account status in Affinity is not relied upon for indicating account review and does not prohibit review of any account with a balance outstanding. The current account reconciliation process between Affinity and billing systems is that accounts are reviewed by Patient Account staff on an ongoing basis using the Account Trial Balance Report. When claims are billed, staff place claims in a tickler file and manually review each account in Affinity on an ongoing basis until final disposition of the account. In addition, the DHS billing clearinghouse, and DHS contracted contingency fee vendors also work unbilled, and billed/unpaid accounts.

Auditor-Controller Recommendation No. 8

RLANRC management correct the patient service records identified as part of our audit procedures.

DHS Response:

We agree. The four patient service records identified as part of the audit procedures have been reviewed with the following outcomes:

- Two of the accounts were reviewed and re-coded by HIM staff on February 14, 2013.
    - For one account, one procedure had not originally been coded. This procedure was re-coded, which did not change the clinic charge for the visit.
    - For the second account, the original coding reflected an incorrect code, which was corrected in the system and did not change the clinic charge for the visit.
- One account was reviewed by HIM staff and determined to be correctly coded since the physician documentation (progress note) did not support

the higher Evaluation and Management (E&M) level entered on the encounter form.

- One account had an incorrect Surgery calculation. The gross charge cannot be revised once the fiscal year has closed; however, the gross charge error had no effect on the net revenue collected on this account. The function of calculating both inpatient and outpatient surgery charges moved to the Finance Department on September 1, 2013.

- The first complete and successful CDI process in the County was implemented at RLANRC in 2011. The CDI process includes on-going physician education and participation, and concurrent and retrospective medical record reviews (queries). The concurrent query process allows the physician and medical records staff to successfully communicate while the patient is still an inpatient admitted to the facility. Both the concurrent and retrospective query tools have been helpful for communicating with the physicians to obtain the necessary information related to patient care, coding requirements, and any additional data at the point of care; thereby, ensuring a more timely input of accurate documentation.

Auditor-Controller Recommendation No. 9

RLANRC management establish appropriate internal controls to ensure staff enter patient services/charges in the System accurately.

DHS Response:

We agree. On September 1, 2013, appropriate internal controls to ensure staff enter patient services/charges in the System accurately were established when the function of calculating both inpatient and outpatient surgery charges moved to the Finance Department. By September 30, 2013, Procedures will be developed to ensure that there is cross check verification of surgery calculation prior to entering the charge into the Affinity system.

Auditor-Controller Recommendation No. 10

RLANRC management implement procedures for supervisory or other (contracted) review of information coders' data entry, changes and cancellations to patient's System records.

DHS Response:

We agree. In December 2010, RLANRC retained the services of a QuadraMed senior consultant who was placed in the role of HIM Director. The consultant implemented many changes beginning in January 2011, which included: 100% review for all new coders for three to six months, performance of random coding

audits, and increased utilization of the Nuance – Clintegrity 360 (Quantim) Compliance module to highlight accounts where additional review of the coding is needed. In addition, a daily concurrent review process, Clinical Documentation Improvement Program (CDIP), was implemented. Finance can utilize the Affinity Diagnostic Related Group (DRG) Changed After Billing report to review for Medicare cases and billing impact.

The Chief Operating Officer (COO) and HIM Director have instituted an annual external coding audit review to ensure the integrity of the coding data; the inaugural annual audit was performed in February 2012. The 2012 audit results identified the following areas for improvement: 1) educate the medical staff on documentation specificity; 2) offer coding staff advanced coding education; review and 3) update facility specific policies and procedures to ensure they are up to date with current industry standards. As of April 2012, the 2012 audit recommendations were implemented by the HIM Director. The HIM Director, DHS Enterprise HIM Director and COO will develop a policy and procedure regarding the annual external audits by November 2013.

Auditor-Controller Recommendation No. 11

RLANRC management evaluate enhancing Affinity to require electronic System approvals for all coding approval requirements, and for producing reports on cancellations and other changes to patient records.

DHS Response:

We agree. RLANRC anticipates that EHR will be implemented in calendar year 2015. Facility management has considered the A-C's recommendation, but determined that it would not be practical to develop product enhancements to the existing Affinity HIM applications in light of the resources involved in development and implementation of EHR, which will address the A-C's recommendation.

Affinity enforcement of approval requirements is currently controlled by limiting access to the Cancel Abstract Procedure and the Abstract Coding Procedures. A standard Affinity Cancellation report currently exists. Additionally, since the audit, a custom Cancelled Abstract Report was created that will allow the responsible Supervisor to easily identify all patient records that have been cancelled, including the user who completed the cancellation transaction. Effective October 1, 2013, the new Cancelled Abstract Report will be generated automatically on a weekly basis for review and verification by the HIM supervisor. The verified report will be maintained by the HIM Director. HIM Quality Control Policy No. 113, Abstract Cancellation has been updated to include the new weekly monitoring process of all cancelled patient records.

Auditor-Controller Recommendation No. 12

RLANRC management ensure all required documents are included in patient files.

DHS Response:

We agree. The implementation of EHR at Rancho, scheduled in 2015, will help ensure complete, accurate, real-time electronic documentation of the patient medical record at the point of care and will ensure that required documents are included in the patient files. There will be significant improvement in the completeness and integrity of the patient file as EHR is implemented.

Subsequent to the audit review, the facility reviewed the Medical Records and located ten of the twelve cited documents. For the remaining two cases, transfer forms were not required. In one case, the patient had a surgical procedure, and was not transferred; therefore, the form is not missing. In the second case, the patient was transferred from one unit to another and the level of care did not change; in this case no written order is necessary since the level of care remained the same.

Auditor-Controller Recommendation No. 13

RLANRC management consult with the facility's Medical Records Director to determine if an investigation is needed when incidents arise of missing documents containing confidential patient information.

DHS Response:

We agree. If there is determination that a known document containing confidential patient information is actually missing or lost outside the system, then the Medical Records Director would contact the Facility Information Privacy & Security Officer to initiate an investigation.

Auditor-Controller Recommendation No. 14

RLANRC management ensure the timely cancellation of all outgoing employees' and contractors' System access.

DHS Response:

We agree. At the time of the audit, the terminated County employee reports received from DHS Human Resources (HR) were several months late, which delayed cancellation and deactivation of outgoing employee's accounts by Information Systems. DHS HR has improved the process of sending the reports of terminated County employee and is now current.

DHS implemented a new process in May 2013 with the Non-County Workforce Database in the Employee Health System, automatically deactivating contractor system access once their contract expires or their sponsor terminates service in the system. An e-mail is automatically generated by the Employee Health System to notify the Affinity System Administrator of the Non-County Workforce's termination.

In addition, RLANRC is planning with Affinity technical management to enable Lightweight Directory Access Protocol (LDAP) authentication in the Affinity system. Once Affinity is LDAP enabled, the system will automatically deactivate access for any workforce member that is terminated. The target date for Affinity to be LDAP enabled is December 31, 2013.

We disagree with the A-C's finding that 28 Affinity users had inappropriate access. None of the 28 users had access to Affinity at the time of the review, because their System access was automatically deactivated due to 60 days of inactivity. The system display of Affinity account activity status does not display specific enough data to accurately reflect the true status.

Affinity is set to Deactivate Users after 60 days of inactivity; however, the user may still appear with an "active status" after being deactivated. The user will appear on the Deactivated User Report, with the reason "Deactivated Due to Disuse", along with the date the user attempted to log-in. Although the report has the attempted log-in date, the access was deactivated after 60 days of inactivity.

Once the User has been deactivated, the only way the user can access the account is to have the account re-set by a system administrator. All of the accounts mentioned in the audit finding were deactivated in the system, most between August 2011 and November 2011.

Auditor-Controller Recommendation No. 15

RLANRC management establish policies and procedures to periodically review users with high-level Affinity System access, and closely monitor activity initiated using their high-level access.

DHS Response:

We agree. Monitoring users with high-level access, including the facility System Administrator and Database Administrator must be done at the DHS level since the facility cannot monitor itself. DHS System Audit Controls Policy No. 935.15 is currently being revised by the DHS Departmental Information Security Officer and will be used as the policies and procedures to review System access and closely monitor activity initiated using their high-level access.

Auditor-Controller Recommendation No. 16

RLANRC management ensure no one is granted System access prior to the completion of signed authorization and security acknowledgement forms.

DHS Response:

We agree. Effective March 15, 2013, and as stated in the RLANRC, Affinity HIS System Access, Policy No. IMS501, access is only granted after completion of signed authorization and security acknowledgement forms. Information Management Systems (IMS) requires an individual, unique, signed System Access Request (SAR) before access to all RLARNC applications/systems can be enabled. Generic, shared or temporary user IDs are not allowed. An online SAR system to replace the hard copy system is currently being built and tested with a target implementation date of December 31, 2013.

Auditor-Controller Recommendation No. 17

RLANRC management ensure Affinity enforces password complexity requirements.

DHS Response:

We agree. Affinity currently requires Alpha and Numeric characters, but is not case sensitive. RLANRC has completed migration to the Active Directory, which supports Lightweight Directory Access Protocol (LDAP) authentication, including upper/lower case sensitivity. In order to ensure Affinity enforces password complexity requirements, RLANRC is currently working with Quadramed to enable LDAP in order to allow for authentication through Active Directory. At that point the password will have upper/lower case sensitivity available with single sign-on. Target date for Affinity to be LDAP enabled is December 31, 2013.

Auditor-Controller Recommendation No. 18

RLANRC management fully test the RLA Affinity Contingency Plan, including testing an alternate emergency work location.

DHS Response:

We agree. DHS is currently on a migration path to centralize all existing Affinity hosts to a virtualized environment. The strategy consists of three components; with two core VMware servers located at Martin Luther King, Jr. Multi- Service Ambulatory Care Center and LAC+USC Medical Center with redundant duplicate records, to provide host services for all DHS facilities. In addition, hot standby servers containing real-time data from the central host will be housed at each facility. In case of Wide Area Network (WAN) failure, the hot standby servers will support continuous access to the Affinity, Quantim, and associated servers.

Once the consolidation of servers is completed for all DHS sites, disaster recovery and contingency plans will be bench tested. Bench testing includes an actual shutdown of the primary server to ensure that the secondary server continues to function with no interruption in service. This is estimated to be completed by March 31, 2014.

Auditor-Controller Recommendation No. 19

RLANRC management ensure staff properly complete the ICCP.

DHS Response:

We agree. On an annual basis, prior to the distribution of the ICCP questionnaires, Finance holds a meeting for all department reviewers/verifiers to discuss the ICCP process, any changes to the process and to emphasize the importance of a complete analysis, either review/discuss/observe of each standard identified. Finance reviews for completeness and cross checks departmental responses to ensure all questions have been adequately addressed, which includes corresponding notes in the "Comments" section of the ICCP form. Weaknesses are identified and corrective action plans are established. Information Security Risks on Critical IT services were most recently addressed in the November 2012 ICCP. The ICCP for this area will be completed again by December 2013.