

AUDIT HIGHLIGHT DECEMBER 13, 2012

INTERNAL CONTROL AUDIT: HEALTH CARE AGENCY MEDICAL BILLING PROCESS

Audit No. 1018

WHY IS THIS AUDIT IMPORTANT?

During Fiscal Year 2010-11, **HCA's annual medical billings totaled \$73 million** for services provided under HCA's Behavioral Health, Public Health, and Medical and Institutional Health Services Programs. The submission of accurate bills for services rendered to Medicare, Medi-Cal, and any other health plan patient is essential and required by law. Legal sanctions can be imposed by State or Federal regulatory entities for improper billings and claims. The medical billing process starts with the registration/intake of clients through documenting the clinic services provided and submitting electronic billing documents to the State or Medicare. Within HCA, the **Medical Billing Unit (MBU)**, staffed by Auditor-Controller employees, provides specialized medical billing services for services provided in County-operated clinics.

WHAT THE AUDITORS FOUND?

Successes

Our audit found that internal controls over the Medical Billing Process are adequate to ensure the billings are allowable, valid, and adequately supported. Key controls such as pre-billing and post-payment reviews are in place to help detect incomplete or improper billings. Our audit also found IT application controls over the medical billing process are adequate in the areas of: (1) user access (password and account management), (2) segregation of duties, (3) system edit checks, (4) system enforced holds/queues, and (5) transactional audit trails. Additionally, IT general controls as related to the medical billing systems (IRIS and Practice Expert) are adequate in the areas of: (1) change management and (2) backup and recovery. The Medical Billing Process is complex and involves an extensive coordination of efforts between clinics, medical billing, quality assurance, and system personnel. We commend HCA on their established controls and process.

Audit Findings and Control Recommendations

We identified **four (4) Control Findings** where HCA should continue efforts to complete business continuity planning documents; consider reducing the extent of its pre-billing and post-payment reviews; and evaluate generating management reports from the IRIS system for monitoring the effectiveness of the medical billing process.