



Audit Department

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Angela M. Darragh, CPA, CFE, CISA, Director

April 8, 2015

Mr. Mason VanHouweling
Chief Executive Officer
1800 W. Charleston Blvd.
Las Vegas, Nevada 89102

Dear Mr. VanHouweling:

We recently performed a follow-up audit of the UMC Medicare Secondary Payer audit dated June 4, 2014. The procedures we performed were focused on determining whether appropriate corrective action was taken on findings included in the original audit report. The last day of fieldwork was January 23, 2015.

In order to accomplish our objectives, we examined the medical records for 16 patient accounts from July through September 2014. We reviewed each account to ensure that the Medicare Secondary Payer Questionnaire was completed as required by the Centers for Medicare and Medicaid Services (CMS), and included responses that were supported and documented.

One of two findings in the report was resolved. The UMC Admissions Department implemented a self monitoring procedure to ensure the Medicare Secondary Questionnaire is completed and that the insurance carrier is correct before billing. We observed a substantial improvement in the completion of the required questionnaire since our original audit. During testing we did find that the Medicare Secondary Payer questionnaire was not completed for one account out of 16 tested and there was no documentation indicating the reason as to why the questionnaire was not completed, which is required by UMC Admission Department policy and procedures.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We appreciate the cooperation and assistance provided by Patient Access Services staff during the course of this audit.

Sincerely,


Angela M. Darragh, CPA
Audit Director



AUDIT DEPARTMENT

Audit Report

University Medical Center of Southern Nevada Medicare Secondary Payer Follow-up

April 2015

Angela M. Darragh, CPA, CISA, CFE
Audit Director

AUDIT COMMITTEE:

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BACKGROUND As a Medicare provider, University Medical Center of Southern Nevada (UMC) is required to determine the appropriate primary and secondary payer for Medicare claims. In order to achieve this, specific questions must be asked of the beneficiaries that indicate if Medicare is the primary or secondary payer.

The results of the original audit identified two areas of weakness in the Medicare billing process. We found there were instances in which Medicare secondary payer questionnaires were not completed as required by CMS (Centers for Medicare and Medicaid Services) and also instances in which Medicare was not billed as a secondary payer and should have been.

OBJECTIVES, SCOPE, AND METHODOLOGY The objective of this audit was to determine if corrective action was taken on the significant findings included in the *University Medical Center of Southern Nevada Medicare Secondary Payer* audit report dated June 4 2014.

To achieve our objective we reviewed 16 accounts where Medicare was either the Primary carrier and/or the Secondary carrier from July 1, 2014 till September 30, 2014. This review included the main hospital and ambulatory care areas. Additionally, we reviewed each account to verify that it was billed properly. All accounts were tested to ensure the following:

- The Medicare Secondary Payer questionnaire was complete, consistently administered, and updated every 60 days.
- Improper payments from Medicare were refunded within the 60 day requirement.
- If applicable, other insurance coverage was identified and billed.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS IN BRIEF We identified one weakness in the process that was not resolved since our first audit. We found instances in which Medicare secondary payer questionnaires were not completed as required.

DETAILED RESULTS

Medicare Secondary Payer Questionnaires Not Completed (Low) The Medicare Secondary Payer (MSP) questionnaire is required to be used to determine the primary and secondary payer when Medicare services are rendered. During our testing of patient records where Medicare was the secondary payer, we found that the Medicare secondary payer questionnaire was not fully completed by Admit/Discharge Representatives in 1 of 16 cases (6%). The one account did not have documentation to indicate the reason why the form was not completely filled out as required.

Incomplete secondary payer questionnaires put UMC at risk for incorrect billing and submitting a false claim. A provider (UMC) can be assessed a civil penalty of between \$5,500 and \$11,000 for each false claim, in addition to three times the amount of the damages sustained by the government as a result of the false claim.

Recommendation

1. Retrain Admission/Discharge Representatives to comprehensively fill out the Medicare Secondary Payer questionnaire as required by the Centers for Medicare and Medicaid Services.
2. Continue to complete self-monitoring procedures to verify completion of MSP questionnaire.

MANAGEMENT RESPONSE

INTEROFFICE MEMORANDUM

TO: ANGELA DARRAGH, DIRECTOR, CLARK COUNTY, AUDIT DEPARTMENT
FROM: VIRGINIA CARR, EXECUTIVE DIRECTOR, REVENUE CYCLE
SUBJECT: MEDICARE SECONDARY PAYER FOLLOW-UP AUDIT
DATE: MARCH 10, 2015

We respectfully offer the following in response to the Clark County Audit Department's Medicare Secondary Payor Follow up Audit.

Initial finding: Incomplete Medicare Secondary Payer Questionnaires (LOW)

Response:

During the original audit it was identified that there was no technology in place to hold accounts for completion of the MSP in the hospital system. As a result there was a 40% failure rate for completion of the MSP. As a result of that audit technology was investigated, self audits were implemented and mandatory training occurred.

In reviewing the current audit data where 6% (1 account) did not have the questionnaire complete the following was determined:

1. The MSP was not completed but there was clear evidence of a primary payer to Medicare and the claim was billed compliantly to the primary payer. Error has been reviewed with staff.

After review of the cases it has been determined that the current self audit processes have been effective resulting in a 34% improvement in the completion of the form and 100% of audited records billed in accordance with Medicare Secondary Payer rules to ensure that Medicare is identified as the 2ndary payer.

UMC will continue to self audit as technology solutions for this CMS requirement are pursued. In addition, training occurs throughout the year with new and tenured employees with CMS refresher courses at minimum of 1 annually.