

Third-Party Internal Controls and Government Accounting Office (GAO) Update

2010 Partnership

Nashville, TN

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GAO Initial Charge

1. Determine and assess Indian Health Service's (IHS') accounting policy for writing off accounts receivable (A/R) from third-party insurance and health maintenance organizations (HMOs) and compare this policy to actual practice.
2. Determine and assess the processes and internal controls over billings and collections from third-party insurance and HMOs.

GAO Initial Charge (Continued)

3. Determine IHS claims filed with third-party insurance and HMOs since 1995, excluding Medicare and Medicaid claims, including the amount of denied claims and the amount of claims written off.
4. Provide information about denied claims according to area, facility, year, private organization, and denial reason or code.

GAO Report Issued

- Report Issued: **“Indian Health Service: Updated Policies and Procedures and Increased Oversight Needed for Billings and Collections from Private Insurers”** GAO-10-42R on October 22, 2009
 - Examined two areas:
 1. The design of IHS' policies and procedures for billing and collecting revenue from private insurers, including write-offs of uncollectible claims
 2. The adequacy of IHS headquarters' monitoring of area office and service unit compliance with policies and procedures for the billing and collection of revenue from private insurers
- Four recommendations issued by the GAO

Four Recommendations from GAO

1. Review and update the outdated parts of the Indian Health Manual to reflect IHS' implementation of United Financial Management System (UFMS).
2. Develop and establish location-specific guidance for implementing the requirements in Part 9 of the Indian Health Manual for Area Offices and service units to individually develop and implement debt management programs and operational plans, and direct the Area Office directors and Service Unit Chief Executive Officers (CEOs) to provide training at the local level to ensure the programs and plans are effectively implemented.

Four Recommendations from GAO (Continued)

3. Develop specific tools and reporting mechanisms to monitor and manage the business revenue cycle, including billing, collection, and debt management activities.
4. Develop a risk-based approach using the information obtained from the new data sources (i.e., the UFMS database and Web-based tool) to prioritize which service units receive future on-site compliance reviews.

IHS Response to GAO Recommendation 1

- *Office of Access and Partnership (ORAP) will be responsible to update following third-party policies to include UFMS changes, incorporate new revenue reports, debt management procedures/requirements at headquarters, Areas Offices and Service Units, and Web-based internal control monitoring tool. The update will include setting up a review task force(s) and an IHS-wide review after the final draft is completed.*
- **Actions:**
 - Third-Party Patient Accounts Management and Internal Controls Policy Status: In Progress
 - Debt Management Policy Status: In Progress
 - Revenue Operations Manual (ROM)
 - Leveraging the new Resource and Patient Management (RPMS) data and financial data feed into UFMS

IHS Response to GAO

Recommendation 2

- *Develop and establish location-specific guidance for implementing the requirements in Part 9 of the Indian Health Manual for Area Offices and Service Units to individually develop and implement debt management programs and operational plans, and direct the Area Office directors and Service Unit CEOs to provide training at the local level to ensure the programs and plans are effectively implemented.*
- **ACTIONS:**
 - a. Evaluate the potential volume of delinquent debt owed to IHS from nonbeneficiaries, private insurance, and other third-party payers
 - b. Update debt management policy to include any changes due to UFMS and internal controls policy, and Web-based internal control monitoring tool updates.
 - c. ORAP will establish specific program requirements in accordance with the debt management policy, referral records, and tracking mechanisms, and incorporate them into the policy update and into Web-based tool.
 - d. As we did with the current Third-Party Internal Control Policy, we will develop and provide training to all Area Offices. This training will include all pertinent changes, reports, and compliance methods.

Overview of Third-Party Internal Controls Policy

- Policy has been in place since November 2005
- Established by NCEO Workgroup, August 2004
- Establishes the IHS policy for recording, controlling, and otherwise accounting for patient-related resources
- Ensures the accuracy and timeliness of receivable and revenue reporting in the financial statements
- Establishes specific internal controls to safeguard and properly accounts for revenue and related assets

Workgroup Approach

- Reviewed first two A/R policies
 - New policy to supersede the first and second A/R Policies
- Developed risk matrix
- Identified controls to mitigate risks

Risk Matrix

- **Lost Revenue**
- **Inaccurate A/R Balances**
- **Inaccurate Management Information/Records**
- **Misappropriated Payments**
- **Noncompliance with Laws/Regulations**

Highlights of Policy

- Indian Health Care Improvement Act allows for collection of third-party reimbursements
- Third-party revenue has become a critical activity for IHS and accounts for up to 50% of operating budget at some facilities.
- IHS financial operations comply with all laws, regulations, and government-wide financial management requirements.

Highlights of Policy (Continued)

- Circular establishes policy for recording, controlling, and accounting for patient-related resources.
- Ensures the accuracy and timeliness of receivable and revenue reporting in the financial statements of IHS.
- Creates safeguards and proper accountability for the revenue and related assets.

Highlights of Policy (Continued)

- Reporting Requirements
- Documentation Requirements
- Sample Reports and Establishment of Procedures
- Assignment and Descriptions of Duties and Responsibilities

Reviews Done

- Since implementation of the policy, ORAP has completed five reviews.
 - Taos Service Unit
 - Sells Service Unit
 - Tohatchie Service Unit
 - Cass Lake Service Unit
 - Pine Ridge
- There are no reviews scheduled for this year.

Status on Policy Rewrite

- ORAP/Division of Business Office Enhancements (DBOE) is currently rewriting the policy.
- National Business Office Committee (NBOC) meeting in February focused on the rewriting of the Third-Party Internal Controls Policy and incorporating more Debt Collection policies and procedures (P&P) of third-party revenue generated by patient care into the Third Party Internal Controls Policy.
- Since the debt collection policy is all inclusive for IHS debt, we added specifics for third-party revenue generated to the Third-party Internal Controls Policy and changed the debt collection policy to reflect/reference this policy for more specific information.

Status on Policy Rewrite

- Plan to have a draft completed by Summer 2010
- Plan to have the new policy signed and in effect by end of CY2010
- Changes will effect online tool
 - Finance
 - Debt management
 - Some additional requirements will be determined

IHS Response to GAO Recommendation 3

- *Develop specific tools and reporting mechanisms to monitor and manage the business revenue cycle, including billing, collection, and debt management activities.*
- Actions:
 - a. ORAP will strengthen the Web-based internal control reporting tool to incorporate any additional updates addressing the revenue cycle, billing and collections, and debt management activities.
 - b. ORAP will establish a formal reporting mechanism on the third-party program to the Director's office and *Area Directors offices*.
 - c. IHS will assess organizational staffing requirements and resource requirements at headquarters to meet the federal government's Agency internal control and monitoring requirements.
 - d. IHS is contracting to develop new reports for UFMS. Some of these reports are current needs of the existing policy and new enhancements for current UFMS/financial procedures developed due to the transition to UFMS.

IHS Response to GAO

Recommendation 4

- *Develop a risk-based approach using the information obtained from the new data sources (i.e., the UFMS database and Web-based tool) to prioritize which service units receive future on-site compliance reviews.*
- Actions:
 - a. ORAP has developed a reporting tool that “red flags” facilities that are not compliant with the Internal Control revenue cycle standards and new UFMS reports.
 - b. ORAP will formalize sending any red flag findings to the Area Directors for follow up.
 - c. ORAP, in conjunction with the Directors’ Office, will evaluate organizational requirements, per 3a above, to identify necessary resources to implement the GAO recommendations.
 - d. ORAP will also utilize data obtained from the online tool, UFMS, and other data sources (i.e. surveys) to target specific needs for CEOs and managers for training. Specifically, we will target CEO-specific training for enhancing or maximizing third-party revenue.

Online Tool Overview

- Headquarters needed a way to track compliance with this important policy.
- Development of an online self-assessment tool based on Third Party Internal Controls Checklist.
- The online tool collects data and measure compliance with the Third-Party Internal Controls Policy.
- Semi-annual reporting periods:
 - First and second quarter for each FY starts April 1st to May 1st
 - Third and fourth quarter for each FY starts October 1st to November 1st

Changes to Online tool

- New follow-up procedures for all Service Units signed by Director of ORAP on January 7th 2010.
 - Red flagged Items (21 Days to submit Corrective Action Plan to Area Director for approval then forward to ORAP)
 - Overall summary of key elements and general follow-up items that are of concern and/or need clarification. (must follow up within 45 days)
- New Reports for Managers, CEO's, and other Area Office personnel.

Red Flag Items

- Red Flag Items: The red flagged Items are considered critical and if not corrected could have an adverse impact on collection of third-party revenue at the identified facility.
 - Item # 1, *Facilities that Have a Backlog of 30 Days or More In Coding*
 - Item # 2, *Facilities that Have a Backlog of 30 Days or More In Billing (Outpatient)*
 - Item # 3, *Facilities that Have a Backlog of 30 Days or More In Billing (inpatient)*
 - Item # 4, *Facilities that Are Not Transmitting Approved Claims within 1 Business Day*
 - Item # 5, *Facilities that Are Not Posting within 72 Hours from the Receipt of Supporting Documentation*
 - Item # 6, *Facilities that Are Not Reviewing and Researching Ageing Accounts within 45 Days*

Online Tool Responsibilities

- Who is responsible for ensuring it is complete?
 - CEO has ultimate responsibility
- Who is responsible for completing the sections?
 - CEO will assign individuals for each section; should be subject matter experts (SMEs) for each field, i.e. Information Technology (IT) section should be assigned to IT manager, billing-business office manger.
 - CEO section will be assigned to the CEO to answer.

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Report Type:	1: All Answers for Active Facilities
Location:	Select IHS Facility
Section(s):	<div style="border: 1px solid #ccc; padding: 2px;"> All Sections 1 - Facility Specific Procedures 2 - IT Systems 3 - Patient Registration / Check In 4 - Benefits Coordination </div>
Reporting Period:	FY 2008 - End of 3rd Quarter
Answer:	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Has Explanation:	<input type="radio"/> Yes <input type="radio"/> No <input checked="" type="radio"/> All
<input type="button" value="Generate Report"/>	


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Location:	1: All Answers for Active Facilities
Section(s):	2: Completion Status Report for Active Facilities All Sections 1 - Facility Specific Procedures 2 - IT Systems 3 - Patient Registration / Check In 4 - Benefits Coordination
Reporting Period:	FY 2008 - End of 3rd Quarter
Answer:	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Has Explanation:	<input type="radio"/> Yes <input type="radio"/> No <input checked="" type="radio"/> All
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Report Type:

Location:

Section(s):

Reporting Period:

Answer:

Has Explanation:

- Select IHS Facility
- ALL IHS AREAS - IHS NATIONAL
- ABERDEEN AREA (10,15,17,19)
 - Cheyenne River (101001)
 - Crow Creek (101430)
 - Pine Ridge Hospital (101501)
 - Quentin N. Burdick Memorial Health Facility (101901)
 - Rapid City GMS (100901)
 - Rosebud Hospital (101601)
 - Sisseton-Wahpeton Oyate Health Care Center (101701)
 - Spirit Lake Health Center (101310)
 - Wagner Health Center (102101)
 - Winnebago Hospital (102001)
- ALBUQUERQUE AREA (20,25,27,29)
 - Acoma-Canoncito-Laguna Hospital (202201)
 - Albuquerque Administration (200000)
 - Albuquerque Indian Dental Clinic (200021)
 - Albuquerque Indian Health Center (202112)
 - Dulce Health Center (202810)
 - Mescalero Hospital (202301)
 - Santa Fe Hospital (202401)
 - Southern Colorado Ute Service Unit (202611)
 - Taos-Picuris Health Center (202912)
 - Zuni Hospital (202501)
- BEMIDJI AREA (11,14,16,18)
 - Cass Lake Hospital (112601)
 - Redlake Hospital (113201)
 - White Earth Health Center (113510)
- BILLINGS AREA (40,45,47,49)
 - Browning Hospital (404101)

Yes No N/A

Yes No All

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Location:	Select IHS Facility ▼
Section(s):	<div style="border: 1px solid #ccc; padding: 2px;"> All Sections ▲ 1 - Facility Specific Procedures ☰ 2 - IT Systems ▼ 3 - Patient Registration / Check In ▼ 4 - Benefits Coordination ▼ </div>
Reporting Period:	FY 2008 - End of 3rd Quarter ▼
Answer:	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Has Explanation:	<input type="radio"/> Yes <input type="radio"/> No <input checked="" type="radio"/> All
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Location:	Select IHS Facility
Section(s):	All Sections 1 - Facility Specific Procedures 2 - IT Systems 3 - Patient Registration / Check In 4 - Benefits Coordination
Reporting Period:	FY 2008 - End of 3rd Quarter
Answer:	FY 2008 - End of 3rd Quarter FY 2008 - End of 4th Quarter FY 2009 - 1st and 2nd Quarter FY 2009 - 3rd and 4th Quarter
Has Explanation:	
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Report Type:	1: All Answers for Active Facilities
Location:	Albuquerque Administration (200000)
Section(s):	All Sections 1 - Facility Specific Procedures 2 - IT Systems 3 - Patient Registration / Check In 4 - Benefits Coordination
Reporting Period:	FY 2008 - End of 3rd Quarter
Answer:	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Has Explanation:	<input type="radio"/> Yes <input type="radio"/> No <input checked="" type="radio"/> All
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Core Reports

All Answers for Active Facilities Report for Reporting Period FY 2008 - End of 3rd Quarter
For the following location: Albuquerque Administration Facility (200000)
Report generated on 03/17/2010

All Answers for Active Facilities Report
ALBUQUERQUE - Albuquerque Administration

Section 2		Answer
3	a. Is the access to RPMS table maintenance restricted?	Yes
8	1. Please provide electronic copy of ASM and PSR for most recent month end and any other tracking/trending documentation or reports you have for the previous two months.	Supporting Documentation
Section 3		Answer
9	a. Is third party eligibility and patient data being verified at each encounter? (This includes adding the data into RPMS)	N/A
10	Please review 5 random patients to see if updates were done at each time of service. Were the patients updated at each time of Service.	N/A
11	b. Are you currently running PIMS?	Yes
12	c. Do you have a Policy for collecting payments Seeing Non-Indian Beneficiaries?	N/A
Section 4		Answer
16	a. Does your facility review the Benefit Coordinator Productivity Report?	Yes
17	Do you have documentation/evidence of supervisory review for at least the past 6 months?	Yes

Report Options

Report Type: 1: All Answers for Active Facilities

Location: Albuquerque Administration (200000)

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Core Reports

Completion Status for Active Facilities Report for Reporting Period FY 2008 - End of 3rd Quarter
For the following location: ABERDEEN AREA (10,15,17,19)
 Report generated on 03/17/2010

Completion Status for Active Facilities - Summary Data

Location	Completed	
	Sections	Location
ABERDEEN		NO
Cheyenne River (101001)	5	NO
Crow Creek (101430)	11	YES
Pine Ridge Hospital (101501)	10	YES
Quentin N. Burdick Memorial Health Facility (101901)	7	NO
Rapid City GMS (100901)	11	YES
Rosebud Hospital (101601)	11	YES
Sisseton-Wahpeton Oyate Health Care Center (101701)	0	NO
Spirit Lake Health Center (101310)	11	YES
Wagner Health Center (102101)	10	YES
Winnebago Hospital (102001)	11	YES
Percent Complete:		70%

Report Options

Report Type:	2: Completion Status Report for Active Facilities
Location:	ABERDEEN AREA (10,15,17,19)
Section(s):	<input checked="" type="checkbox"/> All Sections <input type="checkbox"/> 1 - Facility Specific Procedures <input type="checkbox"/> 2 - IT Systems <input type="checkbox"/> 3 - Patient Registration / Check In <input type="checkbox"/> 4 - Benefits Coordination

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Core Reports

Completion Status for Active Facilities Report for Reporting Period FY 2008 - End of 3rd Quarter
For the following location: Quentin N. Burdick Memorial Health Facility Facility (101901)
Report generated on 03/17/2010

Completion Status for Active Facilities - Summary Data

Location	Completed	
	Sections	Location
ABERDEEN		NO
Quentin N. Burdick Memorial Health Facility (101901)	7 of 11	NO
Percent Complete:		64%

Report Options

Report Type:	2: Completion Status Report for Active Facilities
Location:	Quentin N. Burdick Memorial Health Facility (101901)
Section(s):	<ul style="list-style-type: none"> All Sections 1 - Facility Specific Procedures 2 - IT Systems 3 - Patient Registration / Check In 4 - Benefits Coordination
Reporting Period:	FY 2008 - End of 3rd Quarter
Answer:	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Has Explanation:	<input type="radio"/> Yes <input type="radio"/> No <input checked="" type="radio"/> All
<input type="button" value="Generate Report"/>	

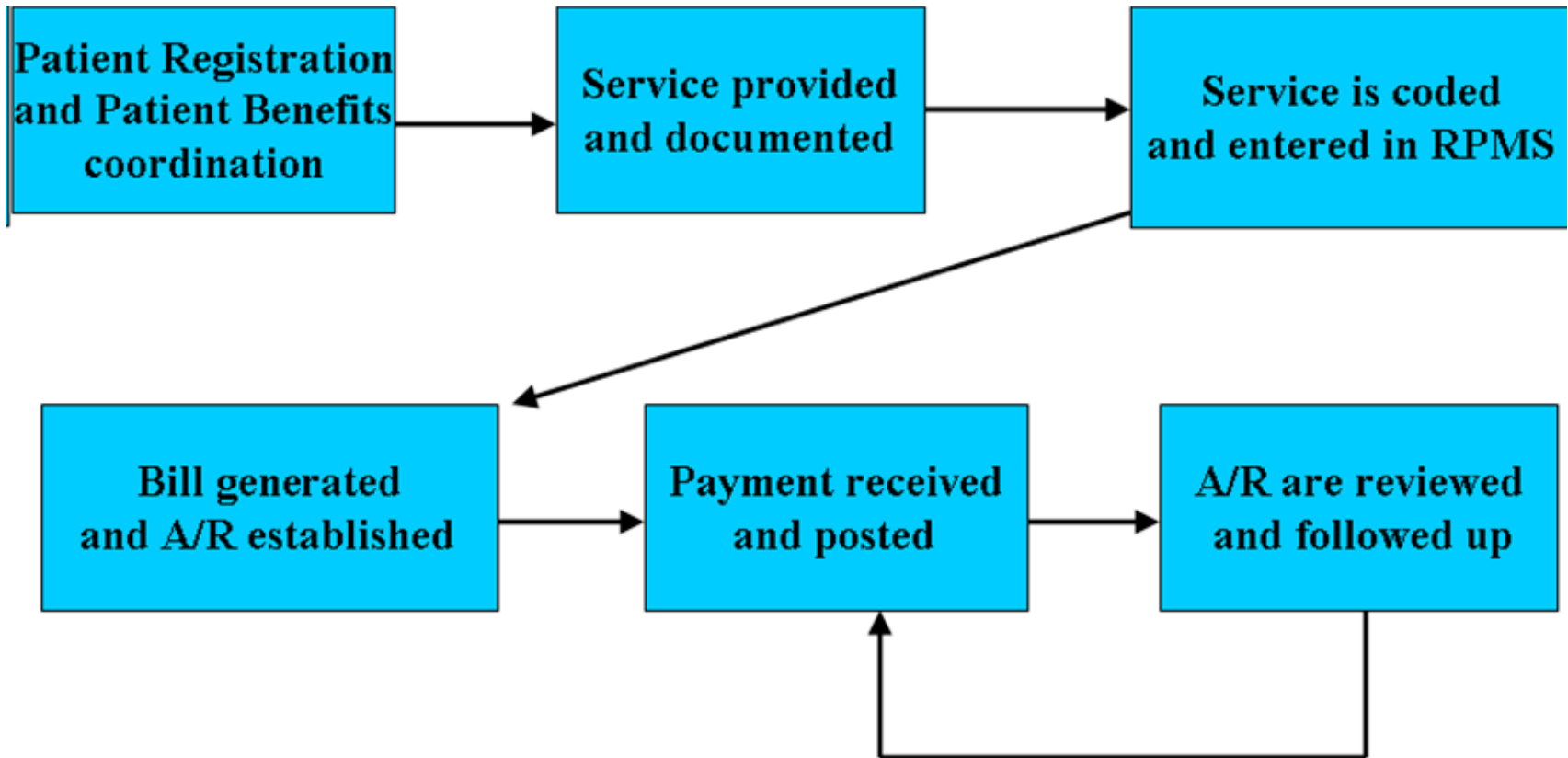
Review of Next Steps

- Review Third-Party Internal Controls Policy to insert the online reporting tool as a requirement and also modify some of the new issues created or that will be created with UFMS.
 - Changes to the policy will only look at online reporting tool requirement and UFMS effects, not timeline requirements.
- Add new requirements for on-site reviews. If we will continue to do them, we have fulfilled on-site reviews and it is currently in the policy.

GAO Future Plans

- GAO plans on performing on site reviews of 10 to 15 sites.
- GAO will now review on site and investigate some of the initial findings further.

Basic Billing and Collection Flow– Revenue Cycle Process and RPMS



Questions

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