

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Barry Zimmerman, Director, Health Care Agency

Date: April 28, 2021

From: Jeffery S. Burgh

**Subject: FOLLOW-UP AUDIT OF CONTRACT COMPLIANCE FOR HEALTH CARE AGENCY
PHYSICIAN COMPENSATION**

The follow-up audit has been completed of contract compliance for Health Care Agency (HCA) physician compensation to evaluate HCA's progress on implementing the 15 recommendations from the prior audit dated August 20, 2018. This follow-up audit was conducted by CliftonLarsonAllen LLP, as commissioned by the Auditor-Controller. The follow-up audit report is attached for your reference.

When HCA provided a status to us on August 15, 2019 (i.e., one year after the original audit report was issued and prior to this follow-up audit), HCA stated that progress had been made on 56 percent of all areas in the original audit report. However, this follow-up audit concluded that, overall, HCA had not made improvements since the prior 2018 audit. Specifically, of the 15 recommendations in the prior audit report, 14 had not been implemented and 1 was partially implemented.

The follow-up audit resulted in expanded guidance for repeating recommendations, now reorganized as 13 recommendations, plus 3 new recommendations in the areas of contract creation and contract management. For the 16 total recommendations in this follow-up audit, corrective action is planned to be completed by June 30, 2022.

We appreciate the cooperation and assistance extended by you and your staff during this follow-up audit.

Attachment

cc: Honorable Linda Parks, Chair, Board of Supervisors
Honorable Carmen Ramirez, Vice Chair, Board of Supervisors
Honorable Matt LaVere, Board of Supervisors
Honorable Kelly Long, Board of Supervisors
Honorable Robert O. Huber, Board of Supervisors
Michael Powers, County Executive Officer

**FOLLOW-UP PERFORMANCE AUDIT OF
CONTRACT COMPLIANCE FOR
COUNTY OF VENTURA HEALTH CARE AGENCY
PHYSICIAN COMPENSATION**



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**FOLLOW-UP PERFORMANCE AUDIT OF
CONTRACT COMPLIANCE FOR COUNTY OF VENTURA
HEALTH CARE AGENCY PHYSICIAN COMPENSATION**

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INDEPENDENT AUDITORS' REPORT

Jeffery S. Burgh, Auditor-Controller
The County of Ventura, California

This report represents the results of our follow-up performance audit of contract compliance for County of Ventura Health Care Agency (HCA) physician compensation in accordance with County of Ventura contract #8154. The follow-up performance audit focused on determining whether proper corrective actions were taken on the 15 recommendations made in the previous report completed on August 20, 2018. Our follow-up audit included evaluation of HCA's physician compensation contract creation and management.

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.

Our work did not include an assessment of other matters not specifically outlined in the enclosed report. The information included in this report was obtained from HCA on or before September 30, 2020. We have no obligation to update our report or to revise the information combined therein to reflect events and transactions subsequent to April 28, 2021.

CliftonLarsonAllen LLP's policy requires that we obtain a management representation letter associated with the issuance of a performance audit report citing generally accepted government auditing standards. We requested a management representation letter from HCA on April 28, 2021, and received the signed representation letter on April 28, 2021.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
April 28, 2021

FOLLOW-UP PERFORMANCE AUDIT OF CONTRACT COMPLIANCE FOR COUNTY OF VENTURA HEALTH CARE AGENCY PHYSICIAN COMPENSATION

Definitions

RVU (Relative Value Unit) – Each service in the fee schedule is scored under the resource-based relative value scale (RBRVS) to determine a payment and, in terms of physician contracting, a level of production.

WRVU (Work Relative Value Unit) – The physician work RVU, or WRVU, is a “neutralized” way to quantify and compare the productivity of physicians because it eliminates variables such as fee schedules or geographical costs. It is common practice to multiply the WRVUs for services provided by a conversion factor to arrive at all or part of a physician's compensation.

Reconciliation or True Up – These terms can be used interchangeably. The term True Up was used in the Previous Performance Audit. Both are referring to the accounting of payments made to physicians based on contractual terms. This typically occurs quarterly or annually where an analysis of estimated payment to actual incentive measures are completed to determine a positive, negative, or neutral payment result. Each contract varies on contract terms.

HCA (Health Care Agency) – Ventura County Health Care Agency consists of five departments. For the purpose of this performance audit, the physician compensation contracts providing medical care throughout the county including behavioral health and medical center.

FMV (Fair Market Value) – Referring to specific regulatory and required written compensation arrangements, Stark law, and anti-kickback statute (AKS) relating to compensation to Physicians and covered entities, On Call, Directorships, Base Pay, Incentives. *Stark Statute – 42 U.S.C. 1877nn(h)(3); Stark II Regulations -- 42 C.F.R. 411.350-.389; Anti-Kickback Statute Safe Harbor: Personal Services and Management Contracts 42 U.S.C. 1320a-7b(b).*

Time Studies – The analysis of timesheets or on-call schedules to confirm physician services were provided.

Timesheets – Outlined within physician contracts is the requirement that all physicians keep a timesheet one week of each month. The timesheet must outline the job duties performed by that physician that week.

Physicians – For purposes of this document, Physicians include Physician Groups, Independent Physicians, and Physician Partners.

- **Physician Groups** – Physician compensation contracts that involve a group practice. Compensation is made directly to the group practice. The group practice is responsible for compensation to individual physicians.
- **Independent Physicians** – Physician compensation contracts involve an individual physician. Compensation is made directly to that individual for their practice's legal entity.
- **Physician Partners** – Individual physicians with ownership of group practices.

FOLLOW-UP PERFORMANCE AUDIT OF CONTRACT COMPLIANCE FOR COUNTY OF VENTURA HEALTH CARE AGENCY PHYSICIAN COMPENSATION

Background

The County of Ventura (County) engaged CliftonLarsonAllen LLP (CLA) to conduct a follow-up performance audit (Audit) of contract compliance for the Health Care Agency's (HCA) physician compensation and review the progress of the implementation of the recommendations reported on August 20, 2018.

This report presents the results of objective analyses carried out by CLA so the County of Ventura Auditor-Controller's Office (ACO) and those charged with governance and oversight within the County may use the information provided to improve its understanding of current policies and practices and oversee or initiate corrective action regarding physician contract issues within HCA.

HCA makes approximately \$62 million dollars of payments annually¹ to individual physicians and medical groups contracted with HCA (Physicians). These payments are to be made in accordance with contracts held at HCA including approximately 60 contracts that include over 400 Physicians covering approximately 60 different specialties. The HCA physician contract team processes monthly invoices, produces supporting documentation, and monitors compliance with physician contract provisions.

A previous performance audit of contract compliance for HCA physician compensation was completed and dated August 20, 2018 (Previous Performance Audit). The Previous Performance Audit covered the two fiscal years ending June 30, 2015 and 2014. The report included 15 recommendations and related management responses.

The health care industry has many unique attributes and risks associated with physician compensation arrangements. This includes appropriately setting up pre-defined compensation contractual components, performance incentives, reconciliation methodologies, and reporting. Many invoices and payments are subject to billing and contractual review, retroactive adjustments, or other queries which may occur over a considerable period of time.

¹ Annual payments were calculated by taking the total payments made to Physicians during the six month period ending February 28, 2020 and annualizing them.

**FOLLOW-UP PERFORMANCE AUDIT OF
CONTRACT COMPLIANCE FOR COUNTY OF VENTURA
HEALTH CARE AGENCY PHYSICIAN COMPENSATION**

Audit Objectives and Scope

Audit Objectives

The overall objective of this performance audit is to determine the status of the recommendations reported in the Previous Performance Audit and to observe, test, and report any additional resulting recommendations. Based on our interactions with the Auditor-Controller we identified the following key objectives:

- Review and assess completion and adequacy of policies and procedures associated with physician compensation for HCA, and the controls and monitoring occurring within those processes.
- Review of physician compensation payments for proper processing, calculations, scope, and approvals.
- Review of physician compensation payments for proper supporting documentation that is consistent with the applicable physician contract requirements.
- Identify areas of recommendation for achieving best practices in physician compensation.

Scope

The scope and methodology of our work to address the above audit objectives include the following:

- Reviewed the Previous Performance Audit report dated August 20, 2018 and discussed those recommendations with the Auditor-Controller.
- On July 10, 2020, CLA conducted an entrance conference with HCA leadership and physician contract personnel to confirm the objectives of the Audit, determine the schedule for conducting interviews, establish communication protocol, and address any questions.
- Conducted a series of virtual interviews with management, fiscal, operational, and medical staff to identify the population of physician contracts, relevant invoice processes, contract management processes, and related reporting elements.
- Performed on-site visits on August 24, 25, and 26, 2020:
 - Conducted additional interviews to determine procedures and gain knowledge of the contract creation and management environment related to physician compensation and reporting.
 - Reviewed existing policies and procedures of HCA to determine the applicable guidelines for invoice reviews, payment processing, and physician contract creation and management.
- Subsequent to the review of the Previous Performance Audit dated August 20, 2018, entrance conference, review of the Audit objectives, interviews, and review of existing policies and procedures (collectively defined as “Planning Procedures”), CLA met with the Auditor-Controller to agree on the following procedures (collectively defined as “Testing Procedures”). All procedures performed covered the six month period ending February 28, 2020 (Testing Period).

**FOLLOW-UP PERFORMANCE AUDIT OF
CONTRACT COMPLIANCE FOR COUNTY OF VENTURA
HEALTH CARE AGENCY PHYSICIAN COMPENSATION**

Audit Objectives and Scope (Continued)

Scope (Continued)

- Policies and Procedures
 - Obtained and reviewed any written policies and procedures available during the Testing Period related to physician compensation payment processing, contract creation, management, and compliance.
 - Made inquiries of HCA leadership and staff and obtained an understanding of processes and procedures being followed during the Testing Period.
- Contract Creation and Management
 - Obtained database of physician contracts and addendums and selected sample of 14 physician contracts. Read all selected contracts for compensation terms, required supporting documentation, authorizing names and signatures. Contracts were also reviewed for contract implementation and renewal dates.
 - Conducted various interviews with HCA administration, medical directors, contract management, deputy director, and accounts payable.
 - Reviewed contract data received, including board approval documentation.
 - Selected a sample of 5 of Physicians consisting of Group, Independent, and Partner and audited approximately 75 Physician compensation payments, or approximately 28% of all payments made during the Testing Period.
 - Obtain original supporting invoices, tied amounts back to supporting documents and compared invoices to actual payments made.
 - Reviewed applicable physician contracts and tested for compliance with the supporting documentation provided.
 - Tested the documentation of the approvals of the invoice, and any required supporting documentation, for payment.

**FOLLOW-UP PERFORMANCE AUDIT OF
CONTRACT COMPLIANCE FOR COUNTY OF VENTURA
HEALTH CARE AGENCY PHYSICIAN COMPENSATION**

Audit Results

Overall Audit Objective Results

Based on our procedures performed in response to the audit objectives identified, we concluded HCA's physician contract transactions were not always adequately supplied with proper supporting documentation to provide adequate evidence of reasonably accurate and verifiable payments according to contract agreements during the Testing Period.

Although HCA did not have specific policies and procedures over physician contracting, in practice we found controls that, if consistently followed and monitored, can produce reasonably accurate compensation payments during the period tested. However, due to the increase in the number of contracts and the complexity of terms and reporting requirements HCA lacks systems, people resources, and written policies and procedures to ensure adequate controls are consistently followed and monitored.

Since the Previous Performance Audit HCA has developed one incomplete recommended policy and has partially implemented a new hybrid invoice process utilizing a paper and electronic processing system.

Strengths

The results of the audit found that the HCA has a number of practices that are operating effectively. The following are examples of these activities:

- HCA has been successful at establishing physician contracts with approximately 60 different specialties to support and promote comprehensive health to patients.
- In an effort to promote high patient care, HCA incorporated quality based metrics into many of their Physician contracts.
- Of the payments tested we found a 100% match between the HCA Physician compensation contract provisions to the invoice and related payments.
- Invoice payments are being paid timely and are mathematically accurate.
- Although no written policy exists, HCA has a general understanding of requiring contract approval by the Board of Supervisors for compensation arrangements over \$200,000 annually.
- HCA has implemented an online invoice approval system during calendar year 2019.
- Staff and leadership appear to be focused on the mission of the HCA and were cooperative and open to recommendations.

FOLLOW-UP PERFORMANCE AUDIT OF CONTRACT COMPLIANCE FOR COUNTY OF VENTURA HEALTH CARE AGENCY PHYSICIAN COMPENSATION

Recommendations

Summary of Recommendations

During the performance of our Planning and Testing Procedures we identified a number of concerns involving HCA physician compensation contract creation and management. The concerns included, but were not limited to, an absence of formal policies and procedures, a lack of communication and assignment of authority and responsibility, a lack of structured storage and naming nomenclature for physician contracts and invoices, untimely physician invoicing, a lack of specific guidelines outlined within the physician contracts, limited transparency, and inadequate supporting documentation.

As a result of our Planning and Testing Procedures we made 16 recommendations for improvement for the HCA to consider. Although our report format is different than the Previous Performance Audit a crosswalk was developed to assist in identifying 12 repeat, 1 partially completed, and 3 new recommendations. Each recommendation consists of several detailed tasks for implementation and requires a detailed project plan and timeline. A summary of our recommendations is outlined below.

- Develop adequate policies and procedures specific to the HCA Physician compensation contract creation, management, and reporting processes.
- Address the need for additional resources, including data analysis, reporting and contract software, as well as people resources.
- Address inadequate supporting documentation for physician compensation payments. Our testing identified approximately 43% of the payments reviewed lack adequate supporting documentation to be able to verify compensation was paid in accordance with contract provisions.
- Create system-wide checklists and implement software to help manage the physician contract creation process and the increasing sophistication of contract provisions, manage the physician onboarding process, and monitor contract renewals.
- Standardize the contract provisions and terms throughout HCA for improved ease of administering contracts including, but not limited to, incentives, fair market value, supporting documentation, and reporting requirements.
- Begin physician contract renewals six months prior to expiration. HCA should consider the staggering of contract renewal dates.
- HCA should utilize the system's strategic initiatives to construct incentives that benefit quality and production for both physicians and HCA. The measures used to monitor quality and production should be verifiable by HCA in advance of the execution of the contract.
- Adopt a system-wide process that encourages single source and automation of contract provisions being completed consistently between the various departments relating to payments, reconciliation, and reporting to be completed, including management review, fair market value determination, and reconciliation to ensure accuracy.
- Further define expectations of physician directors' duties and committees while tracking hours.

**FOLLOW-UP PERFORMANCE AUDIT OF
CONTRACT COMPLIANCE FOR COUNTY OF VENTURA
HEALTH CARE AGENCY PHYSICIAN COMPENSATION**

Recommendations (Continued)

Previous Performance Audit Crosswalk

We have included a crosswalk of the recommendations from the Previous Performance Audit that includes an updated status of those recommendations for the Testing Period of this report and references to our applicable report recommendations.

Detailed Recommendations

The following pages provide the detail of our recommendations as well as the applicable responses from HCA. The recommendations are intended to raise the physician compensation contracts' effectiveness with standard industry practices.

Summary of Prior Recommendations (Report Dated August 20, 2018)		
No.	Topic	Recommendations
1	Policies and Procedures: Policies Related to Physician Contracts	Develop and implement policies and procedures related to physician contracts for compensation and administrative purposes. Recommended policies include contract file requirements (Fair Market Value (FMV) analysis, legal approval, etc.), timesheet requirements, leases with physicians, professional service agreements (PSAs), and call coverage agreements.
1A	Policies and Procedures: Fair Market Value (FMV)	Document and implement a formal written policy and procedure related to how to document FMV for each new and renewal contract. The policy should indicate a value per hour that is considered a safe harbor FMV and when a FMV opinion is not required. For all other contracts, the policy should indicate that a written valuation opinion is required. The FMV report should document the sources used and considerations of the FMV of the contract. All contracts should have documentation within the central contract repository.
1B	Policies and Procedures: RVU Payment	Add terms to the contract that allow draws during the year for RVUs and true-up quarterly or annually, as deemed appropriate, in order to ensure the language of the contract is consistent with the actual payment process. The RVU reconciliations should be completed quarterly with recoupment of the payment within 60 to 90 days. If the physician requires a lengthier period, there should be a written agreement to support the payment plan. The physician's draw would be reassessed and potentially reduced for future payments to align with the current productivity.

Recommendation Status (Report Dated April 28, 2021)		
Contract Creation	Contract Management	Updated Status
1.01	2.01	Not implemented. No progress has been made regarding the development of policies and procedures. HCA has not assessed how current procedures are impacting compliance. Currently, there is no plan for the development and implementation of physician contract policies. There is no plan at this time to create contract creation requirement policies. HCA continues to create contracts without the development of written guidelines and definitions such as timesheet, supporting documentation requirements, FMV analysis, or call coverage agreements. At this time one workflow had been developed.
1.01, 1.10	2.01	Not implemented. No progress has been made regarding the development of a formal contract FMV determination and tracking. HCA has not created new processes within contract creation or contract management to ensure physician compensation meets FMV. HCA continues to lack any assessment of safe harbor or hourly FMV for contracts. HCA lacks a formal process and storage of the analysis used to evaluate FMV for physician contracts.
1.01	2.01, 2.06	Not implemented. There continues to be a lack of processes and policies requiring contract reconciliations (also referred to as "true-ups"). There are contracts which allow for periodic estimated enhancement payments (also referred to as "draws"). HCA continues to make payments without documentation of quarterly or annual reconciliation to ensure compliance to contract limits. Contracts do not outline the payment schedule to ensure payments are reconciled with the actual payment schedule. HCA inappropriately continues to utilize the term RVU and WRVU interchangeably. This could result in errors when calculating the Physician's compensation payment. HCA continues to lack reconciliation of WRVU calculations and other reconciliations that are outlined within physician contracts. Outline of how overpayments are to be repaid must be developed and implemented into all contracts. A recommendation of recoupment within 60 to 90 days should be adopted of all overpayments. In the event that additional time is needed to repay any overpayment, a written contract or addendum is needed outlining the recoupment agreement between the physician and HCA.

Summary of Prior Recommendations (Report Dated August 20, 2018)		
No.	Topic	Recommendations
2Ai	Supporting Documentation: Contract Requirements for Supporting Documentation	Contract terms should ideally include an appendix identifying all documentation required in order for the physician to get paid for each payment term in the contract. If the contract does not provide for the supporting document requirements, then management should establish a policy and procedure related to documentation requirements for all types of arrangements. The policy potentially would require sign off by each contracting party prior to contract execution.
2Aii	Supporting Documentation: Support for Base Compensation Payments	Require supporting documentation to substantiate that the physician is meeting the requirements of the contract. A document with the draw schedule and a quarterly true-up should be developed and implemented. The document should have addendums or documentation to support or act as an audit trail when the draw must be reduced or increased due to the reconciliation.
2Aiii	Supporting Documentation: Support for Associate Director and Director Fee Payments	Require supporting documentation to substantiate the physician is meeting contract requirements. In order to comply with the AKS personal services and management contract safe harbor, medical director arrangements must be documented and industry standard is to submit timesheets as condition of payment. The timesheets should be authorized by an individual who monitors the medical director's performance. In addition, the timesheet should have detail to provide documentation of activity and how the activity relates to the medical director activity.
2Aiv	Supporting Documentation: Support for On-Call Arrangement Payments	Consider separating the on-call arrangements from other compensation in the same contract. The on-call contract should have specific guidelines that indicate the support required for payment for on-call arrangements. Additionally, all supporting documentation required by the contract should be obtained from the physician and retained prior to payment.
2B	Supporting Documentation: Support for Documentation Fee Payments	Require any incentive with a documentation requirement to have the required supporting documentation retained on a monthly or quarterly basis, whichever is more appropriate, by Accounts Payable (AP) and be properly reviewed by the appropriate personnel in HCA. In addition, such documentation should have appropriate approval by individuals who can accurately acknowledge the activity or work. For example, the medical director for a specialty has knowledge of the physician's activity.

Recommendation Status (Report Dated April 28, 2021)		
Contract Creation	Contract Management	Updated Status
1.01, 1.08, 1.09, 1.10,	2.01, 2.02, 2.03	Not implemented. Contracts do not have the recommended appendix of information required for each payment term in the contract. Written guidelines, policies, or documentation requirements have not been developed. A lack of documentation guidelines, policies, or requirements continues to exist. Documentation received by physicians must be able to be verified as to the originating source. HCA continues to process invoices with inconsistent or non-existent supporting documentation. Invoices continue to be processed without HCA sourced WRVU information. To ensure compliance HCA should implement a formal process for all contract extensions.
1.08, 1.09, 1.10	2.02, 2.05	Not implemented. In addition to the updated status in 2Ai: Payment of base pay should include a quarterly payment of enhancements (draws) and reconciliation (true-up) of enhancements to provide an audit trail and ensure timely compliance to contract terms.
1.08, 1.09, 1.10	2.02, 2.05	Not implemented. Currently, contracts for Directorships, Associate Directors, Leads, Physician or PA Supervisors do not outline job responsibilities, reporting measures such as timesheet and meeting minute copies, sign-in sheets, etc. Physician compensation contracts lack detailed requirements outlining conditions for payment. HCA physician compensation contracts need to outline meeting and activity expectations as well as reporting requirements such as timesheets for HCA directorships.
1.08, 1.09, 1.10	2.02, 2.05	Not implemented. A multitude of compensation types exist currently within contracts. There is no evidence outlining on-call compensation requirements or reporting requirements. HCA continues to compensate physicians for on-call payments without verification of documentation provided.
1.08	2.02, 2.05	Not implemented. HCA has enlisted additional compensation measures for timely completion of documentation. HCA needs to assign staff who are qualified to validate supporting documents.

Summary of Prior Recommendations (Report Dated August 20, 2018)

No.	Topic	Recommendations
3	Contract Management: Central Contract Management System	Develop or procure a contract management software system. The system should function as a contract repository and should have a functionality that enables HCA to proactively monitor contract expirations to limit the exposure of operating under expired agreements. In addition, the system should allow HCA to store supporting documents such as legal approval, FMV, exclusion checks, extensions, holdovers, late signature approvals, and other support.
3A	Contract Management: Contract Maximums	Implement an automated process of tracking payments made to physicians to ensure that payments do not exceed the maximum allowed. The process should occur prior to each payment, be documented within the accounts payable files, and be a function of the central contract management system. Regular monitoring of the payments to contracts should occur. The monitoring should be documented and variances should have corrective action plans developed.
3B	Contract Management: RVU True-Up	The contract maximum should have been followed to minimize the amounts of overpayments to physicians. Implement an automated process of tracking physician payments to minimize the risk that payments exceed the maximum allowed.

Recommendation Status (Report Dated April 28, 2021)

Contract Creation	Contract Management	Updated Status
1.02, 1.03, 1.04, 1.05	2.03	Not implemented. Contract management software has been partially implemented. Implementation will be held for physician contracts until all other HCA contracts have been implemented. A centralized contract repository is still needed within HCA. Also, a checklist of all required steps and documentation is needed to ensure each contract has been fully approved, signed, and accurately stored. Lastly, a tracking system is needed to ensure timely renewals of contracts.
1.04, 1.05	2.03	Not implemented. HCA has not implemented an automated process for tracking payments. HCA continues to pay without means to confirm the accuracy of data prior to making each payment. Planned monitoring of contract payments and variances continues to be needed to ensure compliance. The scope of our current review did not cover a full year, therefore, we are unable to verify data to confirm overpayment status.
1.05	2.03, 2.06	Not implemented. HCA continues to have WRVU metrics written into their contracts. A system-wide approach is needed to ensure tracking of all contracted payments and reconciliation of contract maximums. An automated payment tracking system needs to be implemented to ensure contract maximums are not exceeded.

Summary of Prior Recommendations (Report Dated August 20, 2018)

No.	Topic	Recommendations
4A	Informal HCA Practices: Reconciliation of Payments	Pay physicians at maximum levels only when specified in the contract and productivity estimated is consistent. Additionally, paying only a percentage of the maximum prior to reconciliation should be considered. This approach would minimize overpayments to physicians that may be difficult to recover.
4B	Informal HCA Practices: Invoice Processing	Implement a process for physicians to review and sign the invoices on a monthly basis after the services have been provided by the physician and the invoice has been completed by HCA AP. In order to implement this recommendation, management should consider a hybrid system until an on-line approval system can be implemented. Invoices and support should be processed within 60 to 90 days of the service performed. Consider a policy requiring submission within 90 days. For those timesheets received later than 90 days, the approval should be escalated to the HCA Compliance Officer or legal. In addition, consider an alternative to having a monthly invoice for the base payment. An alternative would be to process without an invoice with a confirmation from HCA that all physicians are eligible. Quarterly, the RVU reconciliation would be provided to support the base pay.

Recommendation Status (Report Dated April 28, 2021)

Contract Creation	Contract Management	Updated Status
1.01, 1.02	2.01, 2.02	Not implemented. HCA continues to reimburse at the rate of annual maximums. The contract terms of payments at maximum levels should be reconsidered. When paying at maximum levels, the implementation of monthly reconciliations are recommended. When necessary an outlined repayment plan is to be defined so recoupment of funds will occur within a timely manner.
N/A	2.03	Partially implemented. HCA has stopped the use of blank pre-signed invoices to be submitted for payments. Currently, physicians are responsible to create and submit invoices as scheduled within the contract. Discontinuance of pre-signed invoices has now created an issue with delays in physicians submitting invoices timely (within 60 to 90 days of service being performed). HCA has converted invoice submission and approvals to DocuSign. Physicians are to submit directly to a set email address that will be manually forwarded into DocuSign. HCA continues to create contracts that do not set limits and requirements for invoices to be submitted no later than 90 days after services are performed. HCA continues to require invoices for all monthly base payments.

Summary of Prior Recommendations (Report Dated August 20, 2018)

No.	Topic	Recommendations
5A	Other Opportunities to Implement Best Practices: Contract Signatures	Although regulations allow for holdover periods and legal approval for late signature, there should be an audit trail to demonstrate the approval of the late signature. We recommend that all contracts be signed timely and prior to the first payment to the physician. Establish a work flow to begin contract renewals a minimum of six months prior to renewal. Consider establishing staggered renewal dates.
5B	Other Opportunities to Implement Best Practices: Audit and Monitoring of Physician Payments	Establish and perform a regular auditing and monitoring process of the physician contracts. At least quarterly, select samples based on a reasonable sampling methodology. Test procedures should be clearly delineated, and the related results should include comments on findings and recommendations for exceptions. Implement an identifier to mark "physician only" payments within the accounting system to aid with isolating and tracking physician related payments. The addition of the coding for physician only payments will allow an approval process to track risk areas such as maximums and request requirements such as a timesheets or on-call monthly documents.

Recommendation Status (Report Dated April 28, 2021)

Contract Creation	Contract Management	Updated Status
1.01	2.01	Not implemented. Post contract compliance review is recommended for verification to ensure all contracts have been fully signed, stored, and reports have been updated. Policies are needed to ensure timely signing of contracts and renewal of contracts 6 months prior to expiration dates or physician start dates.
1.01, 1.02	2.01, 2.02, 2.03	Not implemented. During the Testing Period HCA does not have a regular auditing and monitoring process that is performed quarterly.

Recommendation 1.01
Repeat Recommendation 1, 1A, 1B, 2Ai, 4A, 5A, 5B
Topic: Contract Creation
Subtopic: Written Policies

Condition HCA does not have written policies and procedures for the contract creation that is specific to physician compensation. Variability exists in contract structure, terms, and implementation.	Criteria Having meaningful and well-considered contract creation policies and procedures is a critical component of strong physician contracting, payment, and compliance. Documenting HCA's contract execution and compliance processes can be an important tool to help the finance, contract, and compliance staff to understand and follow the rules and methods necessary to ensure proper contract implementation.
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Cause This condition is the result of HCA not having a control environment that has required written policies and procedures to be created and maintained.	Effect The absence of written policies and procedures exposes HCA to multiple risks including hindering the ability to train employees, create segregation of duties, and reduce the risk of management override.
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Recommendation
We recommend HCA develop and adopt formalized written policies and procedures pertaining to the creation of physician contracts and related documentation requirements. Best practice is having physician contract renewals be processed a minimum of six months prior to expiration. HCA should consider the staggering of contract renewal dates. We recommend the documentation requirements for all types of arrangements include, but not be limited to: FMV calculation and assessment, budget and legal approval, contract terms and definitions, timesheet requirements, benefits, WRVU documentation, on-call coverage, secured document storage and naming nomenclature, directorships, professional service agreements, quarterly reconciliation (true-up) of payments, etc. We recommend that HCA assess and develop a list of needed policies and procedures relating to physician contract creation and a timeline for completion. Contracts need to outline how overpayments will be tracked. If an overpayment has been identified, contracts must outline tracking and how any mandated repayment plan is to be followed.

Management Response
In consideration of CLA recommendations, management has engaged a consulting firm to formalize a set of policies and procedures that modify current practices in alignment with industry best practices balancing against the needs and limitations within which HCA physician contracting operates.

Management Response Timeline
Management agrees to complete by December 31, 2021.

Recommendation 1.02
Repeat Recommendation 3, 4A, 5B
Topic: Contract Creation
Subtopic: Organization

Condition	Criteria
HCA has not created and utilized comprehensive organizational-wide tools for contract creation. For example, HCA has not created an onboarding checklist and related timeline. This lack of system-wide planning and communication is resulting in uncoordinated processes that are not being completed in logical order.	Without a clear checklist and timeline in place that communicates key tasks, responsible individual(s), and an understood timeline HCA will continue to experience confusion and delays in the execution of contracts. The checklist and timeline should include all of the above components, align with the key deadlines of the County, consider clinical needs, and allow adequate time for review, modification, and approvals. Approvals should include those of leadership, Board of Supervisors, County Counsel, Auditor-Controller's Office, and County Executive Office.

Cause	Effect
The condition is the result of HCA not having implemented or created a contracting checklist or timeline. The continuation of departmental focus is leading to a less cohesive contracting process.	The lack of a clear physician onboarding checklist and related timelines may cause unnecessary revenue loss due to physician insurance credentialing delays (i.e., insurance may not pay for services by physicians that do not have a valid contract on record with the County). This may also cause internal excessive administrative time resulting from the need for last minute urgent processing of contracts.

Recommendation
HCA should develop and follow a specific contract onboarding and management process to allow for adequate review and approval by HCA administration, legal, and governance. Contract creation software should be evaluated based on data, specific contract components, and compliance requirements. A consistent implementation workflow is needed for new and existing contracts.

Management Response
Physician contracts are currently subject to review and approval by HCA administration and County Counsel. Contracting software is addressed under 1.04 and 1.05. Implementation workflow is addressed under 1.01.

Management Response Timeline
Management agrees to complete by June 30, 2022.

Recommendation 1.03
Repeat Recommendation 3
Topic: Contract Creation
Subtopic: Invoice Processing

Condition	Criteria
The process of paying invoices is manual with undefined documentation requirements, submission timing, and conditions of payments. Invoices are produced manually and approval processes are electronically automated.	The lack of standardized supporting documentation and delayed submission is causing unnecessary and possibly inaccurate and untimely payments. Simplified and well defined supporting documentation requirements in the contract creation will prevent such processing. Invoices and documentation should be received within 60 to 90 days. Delays should be escalated and reported to HCA Compliance Officer and legal representation.

Cause	Effect
HCA did change the methodology by which invoices were generated since the previous report. HCA has been operating under a hybrid model of paper and electronic processes, although HCA lacks the specificity in the contract creation on documentation requirements, invoice generation, and timeliness of receiving invoices. No escalation of delayed documentation or invoice submission exists.	Invoices are submitted that would typically be considered untimely and are causing excessive time constraints on staff and delays in payments being processed without proper due process and documentation. The production of invoices is manual and lacks standardization, which creates delays and possible overpayments.

Recommendation
HCA should move to a fully online and automated invoice processing system. The invoice generation would be based on a standard methodology with defined requirements for supporting documentation. HCA should consider establishing mandatory requirements and final deadlines for supporting documentation within 60 to 90 days after services. HCA should have specific terms in the HCA contract creation to address the escalation of defined untimely invoice and supporting documentation. Fully online standardized invoice generation and approval with mandatory documentation and timely submission will reduce any possible overpayments or errors.

Management Response
The variability and complexity of physician invoice generation and processing are an impediment to a fully automated and online system. HCA does currently have a process in place and in collaboration with an outside consulting firm is making improvements in the areas addressed under this recommendation.

Management Response Timeline
Management agrees to complete by June 30, 2022.

Recommendation 1.04
Repeat Recommendation 3, 3A
Topic: Contract Creation
Subtopic: Resources - Software

Condition
Currently, contract creation is prepared and reported using a series of internally developed spreadsheets. This causes inconsistent internal contract creation tracking and development.

Criteria
The use of spreadsheets for the contract creation process has a number of inherent weaknesses. Spreadsheets are extremely susceptible to human error and make it difficult to prevent, identify, and track purposeful updates. Version control is also difficult to manage. Exchanging data using spreadsheets does not allow for adequate tracking of changes or approvals and limits the users' ability to effectively exchange data, ideas, and files.

Cause
HCA does not currently have a contract creation software to support contract component tracking, management, and compliance. HCA has not completed the agreed upon deadlines to implement a contract management software solution as found in Recommendation 2.03 Contract Management. HCA continues to delay the implementation of physician contracts into purchased contract management software.

Effect
The exposure to intentional manipulation or unintentional errors can undermine the contract creation process and, therefore, impact HCA's overall internal control environment. Currently, multiple contract creation spreadsheets opens HCA to unnecessary risks due to individual interpretation.

Recommendation
We recommend HCA complete a full software selection process and implementation of a contract creation system that is specific to the health care industry. This software should help to reduce the likelihood of data inconsistencies and human errors. Software will automate the storage and tracking of contract terms such as contract deadlines, addendum terms, payment schedules, and contract maximums. An outlined checklist of all required steps and documentation is needed to ensure each contract has been fully approved, signed, and accurately stored.

Management Response
Management is currently conducting a software selection process with two vendors whose products tend to address the specific recommendations pertaining to tracking, deadlines, payment schedules, storage, and approvals. The decision of using current internal resources or a new contracting software will be subject to a feasibility study.

Management Response Timeline
Management agrees to complete by June 30, 2022.

Recommendation 1.05
Repeat Recommendation 3, 3A, 3B
Topic: Contract Creation
Subtopic: Resources - Software, Excel

Condition
Currently, the various spreadsheets used throughout HCA all have varied formats, criteria, and contractual details.

Criteria
The manual build of various spreadsheets throughout HCA allows for multiple versions and interpretation of contract components as addendums and changes are made to contracts.

Cause
HCA does not currently have a contract creation software to support contract component tracking, management, and compliance. HCA has not completed the agreed upon deadlines to implement a contract management software solution as found in Recommendation 2.03 Contract Management. HCA continues to delay the implementation of physician contracts into a purchased contract management software.

Effect
Having various spreadsheets, and without a centralized uniformed solution, allows for different interpretations of contract terms and difficulties in tracking and monitoring contractual details.

Recommendation
Completion of a full software selection process and implementation of a contract creation system that is specific to the health care industry would provide a single secured repository for all contracts. A singular repository for all physician contracts and invoicing will decrease the chance of data errors due to human interactions.

Management Response
Addressed under 1.03 and 1.04.

Management Response Timeline
Management agrees to complete by June 30, 2022.

Recommendation 1.06
New Recommendation
Topic: Contract Creation
Subtopic: Resources - People

Condition HCA does not currently have data or analytical professionals that have a significant focus on the monitoring and reporting of quality measures, WRVU production data, and FMV.	Criteria Interviews with staff and leadership and review of contracts indicate growth in complexity of reporting, monitoring, and creation. The standard industry practice for health care organizations such as HCA would be to have data and analytical professionals that spend a significant amount of their time producing reporting that support decision-making in the contract creation process. Without this focus HCA's ability to produce reliable contracts and compensation arrangements could be limited.
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Cause At one point in time HCA did have this position filled. That individual departed HCA and the position was not subsequently filled. Alternatively, responsibilities have been divided up between various individuals and departments who often are faced with competing priorities.	Effect The lack of resources focused on developing and analyzing physician contract and compensation data reduces HCA's ability to develop manageable professional contracts.
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Recommendation
HCA should consider additional resources to support the development of contract creation and compensation reporting. Due to the importance of consistent reporting and data analysis, recruiting of this position from within HCA would be ideal for knowledge of the complexities of the role.

Management Response
Management agrees with the need for additional resources and will make a decision based on a feasibility analysis.

Management Response Timeline
Management agrees to complete by June 30, 2022.

Recommendation 1.07
New Recommendation
Topic: Contract Creation
Subtopic: Reporting

Condition
We observed the usage of multiple spreadsheets using inconsistent terminology that HCA uses to track physician contracts.

Criteria
Contract creation in the health system environment is complex, which can make reviewing and understanding information a challenge. Using inconsistent terminology and grouping of information can unnecessarily increase this complexity. Within a health system a standard definition of contract terms throughout HCA would improve the creation and management of contracts and align incentives with HCA strategic initiatives.

Cause
Management has not established the standard use of naming conventions and, accordingly, modified all reports, production, and projections to be consistent between report types.

Effect
The inconsistencies within current contracts creates variances within contracts that are difficult to track. These may include metrics that change every 6 months or a payment amount that changes after 18 months.

Recommendation
We recommend HCA use consistent naming conventions in physician contracts and subsequently use in all HCA spreadsheets and other documents. The process of creating these documents needs to be consistent and clearly defined for those developing, reviewing, and approving them. Automation is needed for tracking of physician contract maximums, payments, variances, FMV, exclusions, extensions, and timeliness of transactions.

Management Response
Management agrees with the recommendation and to the extent feasible, will address this under 1.01.

Management Response Timeline
Management agrees to complete by December 31, 2021.

Recommendation 1.08
Repeat Recommendation 2Ai, 2Aii, 2Aiii, 2Aiv, 2B
Topic: Contract Creation
Subtopic: Contract Definitions

Condition
Current physician contracts lack definitions and measurable contract specificity.

Criteria
Limited defined contract metrics leave gaps for interpretation which can lead to inconsistent results or errors.

Cause
Contracts were developed without clear definitions of contract details.

Effect
Without clear definitions of contract details the physician contract documents can vary in submission. This can lead to inaccurate physician payments.

Recommendation
We recommend that HCA complete a full inventory of all terms and requirements. Once all terms are identified HCA should create definitions for all used. Contract definitions should include, but not be limited to, reconciliation of WRVU production, adjustment to estimated draws, timeliness of data reporting, timesheet requirements, and physician contract supporting documentation.

Management Response
HCA currently has an inventory of terms and requirements, as well as requirements pertaining to reconciliation of WRVUs and supporting documentation. Remaining areas will be addressed under 1.01 based on the business needs and limitations.

Management Response Timeline
Management agrees to complete by December 31, 2021.

Recommendation 1.09
Repeat Recommendation 2Ai, 2Aii, 2Aiii, 2Aiv
Topic: Contract Creation
Subtopic: Contract Terms and Requirements

Condition	Criteria
Many of the existing physician contracts include terms such as On Call, Directorships, supporting services and incentives (quality, WRVU, documentation fee, and other incentives) that require supporting documentation (Reporting Requirements). These Reporting Requirements are often challenging for the organization to meet and are frequently not being performed. Contract invoices and payments are being processed without verification of contract compliance.	The review of contracts, invoices, and supporting documents showed a lack of required documentation to ensure compliance by HCA to its contract requirements.

Cause	Effect
Contracts were created and approved without a clear action plan that includes staff job assignment and a process to perform an assessment of Reporting Requirements.	The lack of compliance by HCA to their physician compensation Reporting Requirements exposes HCA to the potential to make erroneous payments to physicians.

Recommendation
We recommend HCA complete a full analysis of all existing contracts that includes a summary of contract incentives and Reporting Requirements. HCA should also create a crosswalk of all contract incentives to the corresponding, internally generated, data source. Defined processes should be added to contracts that specify the reconciliation of WRVU production, adjustment to estimated draws, timeliness of data reporting, timesheets requirements, and physician contract supporting documentation requirements.

Management Response
Management has engaged a consulting firm to conduct a FMV analysis of its large physician contracts. The remaining related recommendations are addressed in 1.01.

Management Response Timeline
Management agrees to complete by December 31, 2021.

Recommendation 1.10
Repeat Recommendation 1A, 2Ai, 2Aii, 2Aiii, 2Aiv
Topic: Contract Creation
Subtopic: Fair Market Value (FMV)

Condition <p>Currently, HCA has no formal policies and procedures written to identify the FMV for physician compensation. We observed that HCA's current FMV determination is inconsistently performed and HCA has a lack of formal documentation of compliance. HCA's contracts may result in increased risk and exposure of exceeding FMV for payments to contracts.</p>	Criteria <p>Formal evaluation of FMV reasonability with determination and monitoring is not being completed. Although it is a general practice of HCA to base physician FMV compensation off of 80% of the median Medical Group Management Association (MGMA) western region, it is not an official policy.</p>
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Cause <p>A policy and procedure is not formalized and processes and analysis may vary in the completion of each determination.</p>	Effect <p>Established policy and procedure and monitored processes will reduce the exposure and risk for HCA for possible payments exceeding FMV. This increases the exposure of financial penalties and fees.</p>
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Recommendation
HCA should adopt a policy and procedure that formalizes its approach to establishing physician compensation for all contracts in alignment with FMV. If a contract is determined not to require a FMV opinion, HCA should include a value per hours that is considered safe harbor in the written policy. This includes the initial and subsequent monitoring of determining FMV.

Management Response
Addressed in 1.01.

Management Response Timeline
Management agrees to complete by December 31, 2021.

Recommendation 2.01
Repeat Recommendation 1, 1A, 1B, 2Ai, 4A, 5A, 5B
Topic: Contract Management
Subtopic: Written Policies

Condition	Criteria
HCA lacks proper policies to provide needed guidance and ongoing management of physician compensation contracts. Variability is resulting in the execution of the physician contract management process.	The lack of policies is contributing to confusion of duties, delays in completion of invoicing tasks, and inconsistency of contract management. Formalized policies and procedures would increase clarity and standardize the contract management process. This added clarity would also likely result in improved timeliness, simplification of workflows, and accuracy.

Cause	Effect
HCA has not fully developed nor implemented contract management policies and procedures specific to physician compensation contracting.	The lack of enforcement to specific policies currently within HCA has created gaps in workflow and completion of contract agreement terms. These workflows have become complex and time consuming. Specific agreed-upon contract terms are not being followed at this time. Examples include contracts in which monthly submission of provider schedules are to be included with invoices. The monthly invoices are received and paid without the required supporting documentation each month.

Recommendation
We recommend that HCA develop and adopt formalized written policies and procedures for the management of physician compensation contracts. HCA should create mandatory filing requirements and a mandatory invoice submission of all invoices within 60 to 90 days. Recommended policies to manage areas of physician compensation include specific timing, a simplified hybrid approval process, development and implementation of contract terms, compliance, monitoring, and reporting of financial status. HCA would benefit from developing policies and procedures such as monitoring current contracts for FMV relating to safe harbor, and determination of compensation for FMV. For contract maintenance we recommend a focus on review of legal and budget approvals, contract expiration dates, terms and definitions, time studies and timesheet requirements, benefits, WRVU documentation, on-call coverage, professional service agreements, reconciliation of payments, etc. Additional requirements include the terms of allowed enhancements, contract renewals, requirements and contract file and storage requirements. Renewal of contracts should include an assessment and storage of current FMV source verification. These policies should then go through a process to ensure they are accepted and audits should be performed to ensure the processes are maintained by HCA.

Management Response
Addressed in 1.01.

Management Response Timeline
Management agrees to complete by December 31, 2021.

Recommendation 2.02
Repeat Recommendation 2Ai, 2Aii, 2Aiii, 2Aiv, 2B, 4A, 5B
Topic: Contract Management
Subtopic: Organization

Condition
HCA physician compensation contract provisions are managed at a departmental level with a lack of coordination. During invoice processing the verification of supporting documentation requirements are completed within individual department responsibilities. HCA lacks consistent system-wide physician contract management oversight.

Criteria
The current organizational structure has an inconsistent understanding of duties within the physician contract management process. Many contracts have provisions that call for supporting documents to be received, produced, and fully verified. The contract provisions and required supporting documentation is not commonly understood by the various departments involved.

Cause
HCA has not taken a system-wide approach to managing the physician contract management process. This results in HCA departments that lack a clear and common understanding of contract requirements and departmental responsibilities.

Effect
Individual departments within HCA have oversight of their own responsibilities. The lack of evidence to show system-wide oversight and monitoring of physician contract management is creating gaps in the verification of contract documents. With the absence of standard workflows and job responsibilities the organization is unclear in its completion of contract management and rework costs.

Recommendation
We recommend HCA develop and execute a system-wide method to communicate contract requirements, department training, responsibilities, and leadership oversight. HCA needs the ability to track compliance with contract provisions and should perform internal audits of supporting documentation for areas of noncompliance.

Management Response
Addressed in 1.02.

Management Response Timeline
Management agrees to complete by June 30, 2022.

Recommendation 2.03
Repeat Recommendation 2Ai, 3, 3A, 3B, 4B, 5B
Topic: Contract Management
Subtopic: Resources - Contract Management Software

Condition	Criteria
Currently, HCA does not have a contract management software and utilizes various spreadsheets to monitor Physician contracts, addendums, and extensions, which are resulting in inconsistencies between those spreadsheets. The individual spreadsheets maintained throughout HCA result in inconsistencies with internal tracking documents. HCA does not currently have data or analytical software with specific functionality on the contract monitoring and reporting quality measures, production data, FMV, budgets, and projections.	The use of spreadsheets for contract management has a number of inherent weaknesses. Spreadsheets are extremely susceptible to human error and also make it difficult to prevent, identify, and track purposeful updates. The use of contract management software allows for automated features for measuring and monitoring contract terms such as physician production, performance per budget, and invoice management.

Cause	Effect
HCA has not completed the agreed upon deadlines to implement a physician contract management software solution.	The management of numerous spreadsheets undermines the contract management process and the overall internal control environment. Currently, multiple contract management spreadsheets are opening HCA to unnecessary risks due to individual interpretation.

Recommendation
HCA should initiate a software selection process to implement a contract creation and management system that is specific to the health care industry. This would reduce the likelihood of errors due to human interactions. The software should also allow for secured storage of all contract information. Further enhancement is needed for the tracking and reporting of contract maximum payment amounts, extensions, holdovers, FMV determination, on-call schedules, and timeliness of invoicing and payments. An outlined checklist of all required steps and documentation is needed to ensure each contract renewal or addendum has been fully approved, signed, and accurately stored.

Management Response
Addressed in 1.04.

Management Response Timeline
Management agrees to complete by June 30, 2022.

Recommendation 2.04
New Recommendation
Topic: Contract Management
Subtopic: Resources - People

Condition	Criteria
HCA does not currently have data or analytical professionals that have a significant focus on the monitoring and reporting of quality measures, production data, FMV, budgets, and projections. The responsibility of invoice creation has shifted directly to physicians without training and documented instructions. The invoices are being delayed as well as submitted without a review and approval process.	HCA's physician compensation contracts are growing in complexity, which is resulting in increased reporting and monitoring. Currently, the standard industry practice for health care organizations would be to have data and analytical professionals that spend a significant amount of their time producing compliance and decision-making reporting. Without this focus HCA's ability to adequately manage physician compensation contracts could be negatively impacted. HCA does not have staff trained and assigned to review and analyze supporting documents outlined within contracts. Physician produced invoices must be returned for corrections. The current invoice approval system does not identify duplicate invoices or invoices with errors.

Cause	Effect
At one point in time HCA did have staff responsible to produce and review supporting documentation. That individual departed the physician contract department. Alternatively, responsibilities have been divided up between various individuals and departments who often are faced with competing priorities.	HCA staffing is currently lacking controls and oversight of the contract management function. The responsibility of reviewing invoices for errors and maximum payments has been removed from the physician contract department. Although we did not observe any duplicate payments being made, this shift in job responsibilities is causing duplicate invoices as well as rework expenses. Without clearly outlined job responsibilities, key responsibilities such as analysis and review of invoices and supporting documentation are not being completed.

Recommendation
We recommend HCA perform an assessment of contract management requirements and corresponding people resource needs. Review of key job responsibilities is needed. HCA should consider additional resources to support the development of physician contract and compensation reporting. Production and analysis of data is needed to ensure metrics outlined within the physician contracts have been tested during contract creation and ongoing data analysis continues throughout contract management as outlined within the contract. Staff must be trained and be responsible for the production and analysis of payment metrics such as WRVUs.

Management Response
Addressed in 1.06.

Management Response Timeline
Management agrees to complete by June 30, 2022.

Recommendation 2.05
Repeat Recommendation 2Aii, 2Aiii, 2Aiv, 2B
Topic: Contract Management
Subtopic: Reporting

Condition
HCA has been increasing the volume and complexity of its contractual terms at a pace that it is not able to produce the needed corresponding processes and data. Report development is often delayed leaving HCA without clear information to ensure adequate monitoring of compliance with physician contract terms.

Criteria
The current lack of available analytical reports and data has created limits within the management of physician compensation contracts. Readily accessible standardized reports are needed system-wide across HCA to effectively manage physician contracts.

Cause
A lack of availability of data and reporting currently exists with physician contract management data across HCA.

Effect
Decisions and processing of contracts and invoicing continues without reports. HCA continues to submit invoices without required on-call details or timesheets. While timesheets are being provided per contract requirements, physicians must often be reminded to submit them and often do not provide them for several months. The timesheets submitted are not forwarded to Administration for review and approval.

Recommendation
HCA should perform an assessment of the current physician contracts to identify specific contract reporting and data requirements. Using the reporting and data requirements identified HCA should identify the applicable internally generated reports that meet these requirements, and set the frequency of the reporting (quarterly, annual, etc.). This should then be implemented across HCA to ensure optimal contract management.

Management Response
Addressed in 1.07

Management Response Timeline
Management agrees to complete by December 31, 2021.

Recommendation 2.06
Repeat Recommendation 1B, 3B
Topic: Contract Management
Subtopic: Reporting

Condition	Criteria
Currently, various production based WRVU enhancement/bonus payments are being obtained from inconsistent sources. Frequently, WRVU production data is being provided by the group or physician and lacks sufficient detail to allow for reasonable or adequate reconciliation. In addition, HCA produces WRVU production reports from its electronic health records (EHR) systems. Utilizing the EHR system is often resulting in delayed reporting or resulting in not being able to be obtained at all.	HCA currently has requirements within some contracts for annual data reconciliation. Currently, HCA does not produce the WRVU production data. The sole reliance of data originating from outside of HCA results in exposure to errors and challenges in verifying WRVU production data. Best practice would call for the needed WRVU production data to be originated by HCA from its billing and EHR system. HCA should take ownership in the required contract calculations, reconciliations, and potential settlement payments or recoupments.

Cause	Effect
While HCA has made enhancements to the WRVU production data captured and produced by its EHR system, they currently do not have adequate reporting and monitoring processes in place to perform effective reconciliations on a monthly, quarterly, or annual basis.	The lack of adequate reconciliations of WRVU production data can result in errors in contractual payments to physicians.

Recommendation
HCA should initiate a software selection process to implement a contract creation and management system that is specific to the health care industry. This would reduce the likelihood of errors due to human interactions. The software should also allow for secured storage of all contract information. Further enhancement is needed for the tracking and reporting of contract maximum payment amounts, extensions, holdovers, FMV determination, on-call schedules, and timeliness of invoicing and payments. An outlined checklist of all required steps and documentation is needed to ensure each contract renewal or addendum has been fully approved, signed, and accurately stored.

Management Response
Addressed in 1.04.

Management Response Timeline
Management agrees to complete by June 30, 2022.