

# Internal Audit and Quality of Care: Influencing Desired Health Outcomes

By Bryon Neaman, CPA, CIA, MBA

### Executive Summary:

As practicing healthcare auditors, we share many things in common. This includes our astute knowledge of healthcare risks and optimal controls. Yet, we also have an even more basic common experience. We serve organizations whose principal purpose is to provide health services, which enhances the life and physical well being of those in need. Some would describe this as “quality of care.”

The Institute of Medicine defines quality of care as “the degree to which health services for individuals and populations increase the likelihood of desired health outcomes and are consistent with current professional knowledge.”

As practicing healthcare Internal Auditors, what is our role in the delivery of quality care? Can we have a meaningful impact and be a resource to physicians, nurses, and clinicians? This article will address these questions and provide some substantive examples which demonstrate the value and relevance of Internal Audit in supporting “quality of care.”

### Why quality of care?

We can review the strategic plan of any healthcare provider system we serve. While the words might be different when we compare one to another, each strategic plan will reference high quality of care as one of the key priorities. Terms that are often used include “exceptional care,” “extraordinary care experience,” or “exceeding expectations of our patients.”

We know that the delivery of care to our patients must be safe, effective, patient centered, timely, efficient, and equitable. Doing this well requires highly trained physicians, nurses, clinicians, and support and administrative staff. It also requires care delivery processes that are consistent with both recognized evidence-based medicine practices and established regulatory requirements which center on the delivery of care.

Historically, healthcare providers have been compensated each time a patient presents at a facility. This payment system is widely recognized as outdated and does not consider patient outcomes as a basis for compensation.

The landscape is changing, however. The Patient Protection and Affordable Care Act (PPACA), signed into law in March 2010, clearly suggests quality of care is the measure of how healthcare providers will be recognized, rewarded, or penalized.

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The PPACA includes many specific initiatives that will focus on clinical quality and how providers will be paid. These include:

- Penalties for high readmission rates—beginning in October 2012,

Medicare will impose financial penalties on hospitals for “excess” readmissions for heart attacks, heart failure, and pneumonia.

- Hospital acquired infections—beginning in October 2012, hospital Medicare payments will be reduced if they are in the worst quartile for rates of hospital acquired infections.
- Accountable care organization (ACO) pilots—in 2012 groups of qualifying providers can form voluntary ACOs. Savings realized by Medicare will be shared with providers if certain quality targets are realized.
- Value-based purchasing program—beginning in 2013, hospital payment rates from Medicare will be adjusted based on a hospital’s clinical quality reporting results from the preceding year.
- Bundled payment pilot—beginning in 2013, a Medicare pilot program will be implemented to test a “bundled payment” model for an episode of care that begins three days prior to a hospitalization and spans 30 days following discharge.

It is clear. High quality of care is what patients expect, it is why healthcare delivery systems exist, and it is how providers will be paid.

### Role of Internal Audit

The contemporary view of Internal Audit practitioners, thought leaders, and stakeholders is that our work should be clearly aligned to the strategy of the organization. This alignment heightens the influence, reach, and value of Internal Audit. It also is a clear manifestation that Internal Audit is integral to the organization’s success.

Clarifying the best role for Internal Audit to assume is dependent on a keen organizational awareness of those involved in quality of care initiatives.

For example:

- What is the existing role of clinical risk management, compliance, patient safety, and infection control?
- How do physicians and nurses manage excellence in clinical practices?
- What are the experiences of patients served?
- Is quality of care a routine topic of conversation at the Board level?
- What are the claims experiences?

Based on this understanding, I believe Internal Audit can provide two distinct services: advisory services and assurance services.

### Advisory Services

Through advisory services, Internal Audit is positioned to offer counsel to clinicians as quality of care processes are being established in response to a recognized need. Successful quality of care programs require strong and effective monitoring systems. PPACA makes reference to “quality reporting” throughout the law provisions. This positions Internal Audit to have an

immediate credible influence. Internal auditors are recognized as skilled in understanding systems, data sources, and how the data is reported. An approach we have employed to assist the clinicians we serve in complete and accurate reporting of clinical quality measures includes:

- Determining what should be monitored to evaluate quality of care performance.
- Confirming the definition of how quality metrics are measured.
- Understanding what systems and data sources drive reporting of quality metrics.
- Evaluating the preferred reporting frequency of quality reporting.
- Clarifying who receives and reviews quality reports, including channels for public reporting.

Subsequent to this evaluation, we then leverage this understanding to identify: (1) risks which can impede complete and accurate quality reporting, and (2) the desired controls which should be in place. The chart below illustrates the approach we used specific to reporting hospital acquired infections (HAI).

We have found this approach has helped to define the controls that should be designed and implemented to promote accuracy and integrity in clinical quality reporting.

This collaborative working relationship between Internal Audit and clinicians serves to further drive continuous improvement in infection control by knowing the data is real and meaningful.

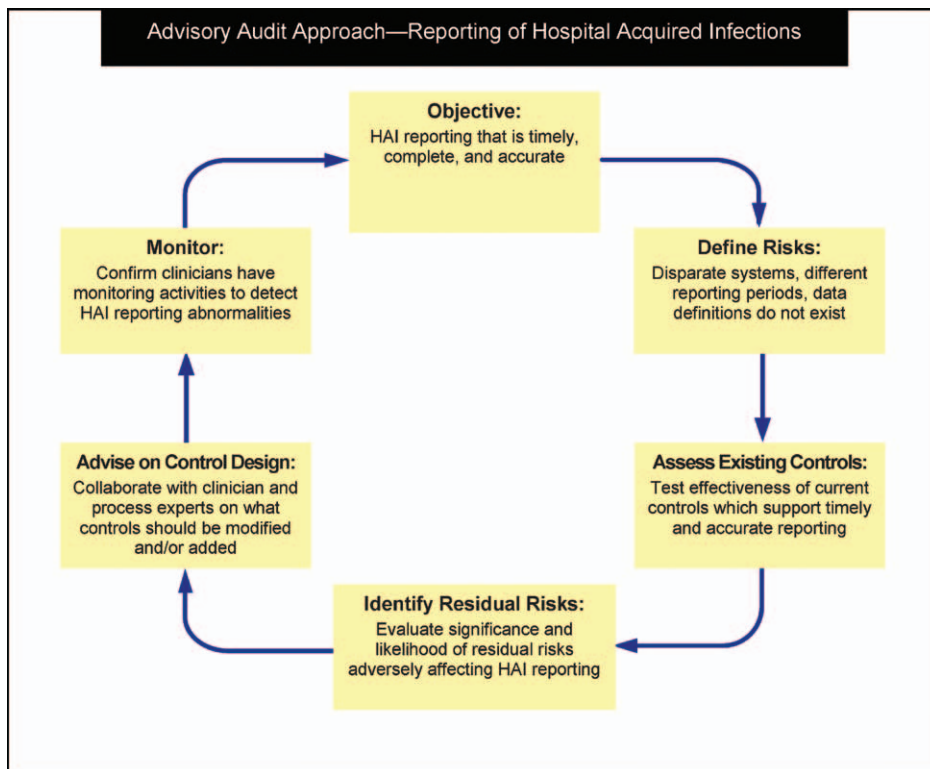
**H**igh quality of care is what patients expect.

### Assurance Services

Internal Audit also plays an equally beneficial role to clinicians by providing periodic assessments that show the reported HAI is reflective of reality. Considering that HAI as well as other clinical quality data such as mortality and readmissions will be part of what is reported publicly, it is imperative that there is confidence in what is reported. We know well the scrutiny that is employed as financial statements are prepared. There are many checks and balances, including assurance work performed by Internal Audit and independent auditors. Assurance work by Internal Audit in clinical reporting provides an equal level of scrutiny, which gives additional confidence that the information hospitals report publicly is real and complete.

Our assurance services approach has a distinct focus on confirming that reported figures are based on evidence. This includes revisiting the risk(s) and typically employing the following control testing:

- “Tone at the Top”: Leaders demonstrate commitment to clinical quality excellence and reporting. Demonstrates a high degree of accountability.
- Inventory all data systems and sources that form the basis for clinical data and document process flow.
- Confirm data definitions are consistent with reporting standards.
- Verify that data definitions cannot be manipulated by users. Data should be controlled.
- Consistency: Determine how data is used and verify that reports reflect consistent time periods and related sources. For example, confirming that scheduled batch jobs for reporting hospital acquired infections is pulling from the same data sources at consistent periods of time.



- Accuracy: Vouch reported results back to source documentation which includes the patient's medical record and associated ancillary systems.
- Completeness: Trace from source documentation including the patient's medical records and ancillary systems to reported results.
- Recalculate reported results.
- Review access logs and authorization tables for users of clinical systems, including the electronic health record. Determine if any overrides may have occurred.

Assurance services also can extend into more sophisticated data analysis and continuous auditing. For example, we know the multitude of benefits an electronic health record (EHR) provides to clinicians in providing high quality and safe care to patients. The EHR also provides auditors with a wealth of data which will help provide additional assurance work which supports quality of care initiatives. Continuous auditing can allow auditors to employ data analysis queries at defined points of time on a recurring basis. For example, leveraging the data which exists in the EHR allows Internal Audit to employ continuous auditing approaches that can periodically test controls within the continuum of care. Specifically, testing can be performed to evaluate the following:

- Patient care was based on a physician order.
- Diagnosis was documented and care provided is consistent with standard order sets. Example: confirming care provided is consistent with evidenced-based medicine practices.
- Comparing patient symptoms present on admission to symptoms post admission. Example: to determine if patient infection was acquired during hospitalization.
- Frequency of visits to the hospital by the same patient over a thirty-day period. Example: to determine potential "excess" readmissions.



### Conclusion

We have found that reporting and communicating the results of Internal Audit in the area of clinical quality has a wide audience. Certainly the physicians, nurses, and clinicians are engaged and responsive. The boards we serve also recognize that the objectivity and independence of Internal Audit brings another perspective to the conversation about clinical quality. Reporting audit results regarding clinical quality have included not only the Audit and Compliance Committee, but also other Board Committees, including the Clinical Quality Committee. The broader-based reporting to, and discussion with, governance at large demonstrates that Internal Audit is clearly aligned to what is most critical to the organizations we serve.

Providing high quality and safe care to those entrusted to us is a privilege. Demonstrating that this trust is

warranted requires a rigorous ongoing commitment to continuous improvement of our patient care processes. We also better position ourselves to continue to retain appropriate reimbursement for the care we provide. It is a win for our patients, a win for the organizations we serve, and a win for those who pay for the care provided. Internal Audit can truly have an impact in advancing high quality of care. **NP**

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