Executive Summary

A. Brief Executive Summary

For four and one-half years, beginning in August 1999 and ending on April 30, 2004, UW Medicine’s faculty Practice Plans (University of Washington Physicians (UWP) and Children’s University Medical Group (CUMG)) were the subject of a Federal criminal and later a civil investigation into allegations of fraudulent billing of the Medicare program. The investigation was launched by a “Whistleblower” lawsuit filed under the False Claims Act (FCA) by Mark Erickson, an employee who had worked at different times for UWP and CUMG. The criminal investigation concluded with felony criminal convictions of two nationally prominent UW Medicine physicians. The civil investigation resulted in a $35 million settlement between the Federal government and the Practice Plans.

On August 6, 2004, the UW Medicine Board, in response to a request from Dean Paul Ramsey and with the endorsement of the UW Board of Regents and President Mark Emmert, announced the formation of a special independent Review Committee. Its goal was to ascertain the “lessons learned” from the billing investigation, determine the adequacy of UW Medicine’s Compliance Programs and make appropriate findings and recommendations.

Review Committee Objectives

Objective 1: Assess the structural, operational, educational, and communications weaknesses that contributed to the billing errors identified in the Federal investigation.

Key Findings

- The billing problems in the 1990s were serious and unacceptable.
- The problems were of all types: innocent mistake, negligent mistake, reckless error and some rare instances of deliberate fraud.
- The vast majority of physicians and staff made honest efforts to comply with billing requirements.
- The ultimate accountability for UW Medicine is vested in the Dean/VPMA. Responsibility for the billing problems, however, is broadly shared – from those who intentionally overbilled to administrators at several levels who failed to exercise appropriate oversight.
- The Committee found no evidence of a conspiracy at any level to overbill the Federal government or to intentionally disregard potential problems; most errors were of omission rather than commission.
- Administrative personnel at UWP did not consistently respond adequately to billing allegations with investigations and disciplined enforcement to ensure compliance.
• UWP Administrators failed to recognize the severity of the initial problems, apparently did not bring them to the attention of UW Medicine Administrators, and did not take timely steps to strengthen the Compliance Programs in the 1990s.

• The following are the most important systemic causes of the problems that led to the Federal billing investigation:
  o Complacency, based on the belief that the existing Compliance Programs in the 1990s met or exceeded national industry standards;
  o Under-valuing of business functions in comparison to core missions of patient care, research and teaching;
  o Limited governance and oversight of UW Medicine’s clinical billing and compliance activities;
  o Lack of rigorous risk assessment and recognition of the patterns of billing problems; and
  o Decentralized management structure.

Objective 2: Assess the adequacy of the UW Medicine’s evolving Compliance Program and identify any additional changes that may be needed.

Key Findings

• UW Medicine has made significant improvements to its Compliance Programs in recent years. Despite this progress, continued strengthening is needed.

• Overall, virtually all of the formal elements of effective Compliance Programs described in Federal guidelines are in place today at UW Medicine.

• The current Compliance Programs for hospital services billing at UWMC and HMC are strong and well-developed. The physician billing Compliance Program at UWP/CUMG has made significant progress, but it still has areas to strengthen, especially the audit function.

• The administration of the Compliance Programs is largely decentralized, and there is no full-time leader in the Dean/VPMA’s office to monitor and provide a comprehensive overview of Compliance for all of UW Medicine.

• Continuing efforts are needed to promote and instill a culture of compliance throughout UW Medicine.

• Significant risks for the institution and physicians are present due to the size and complexity of UW Medicine, and increasing governmental oversight.
Key Recommendations

- Create a full-time position of Associate Vice President for Compliance and Risk Assessment in the office of the Dean/VPMA to provide leadership and comprehensive oversight of these critical functions.

- Strengthen the risk assessment and compliance planning process by developing an integrated and long-range view of emerging risks.

- Upgrade business systems and processes – especially billing, auditing, compliance-related training, and automated documentation tools – to support compliance and make it more “physician-friendly,” i.e., to support providers’ efforts to document, code, and bill accurately and efficiently;

- Rebuild the UWP/CUMG audit function in order to meet the targets for Corporate Integrity Agreement (CIA) requirements and OIG guidelines, and to provide physicians and management with compliance performance data.

- Institute a disciplined process to monitor the implementation of the Review Committee’s recommendations and the effectiveness of the Compliance Programs.

Objective 3: Assess whether the governance structure of UW Medicine and the physician Practice Plans provide the necessary level of oversight, and recommend any appropriate changes.

Key Findings

- The large size and the composition of the UWP Board of Trustees and the limited role of the UWP Board President detract from the Board’s abilities to effectively direct and oversee UWP’s compliance functions.

- The existing governance structure for UW Medicine and the advisory role of the UW Medicine Board limit the Board’s ability to provide effective oversight.

Key Recommendations

- Strengthen the governance of UWP by reducing the size of the 24-member Board of Trustees, adding outside members with special experience or expertise, and creating the position of a permanent Physician Administrator to serve as President of UWP.

- The governance and oversight of UW Medicine must be strengthened. President Emmert and the Board of Regents should undertake a careful review of the “advisory” role of the UW Medicine Board and the appropriate oversight and governance structure for UW Medicine.