

Kaweah Delta Health Care District

Board of Directors Committee Meeting

Health is our Passion. Excellence is our Focus. Compassion is our Promise.

NOTICE

The Audit and Compliance Committee of the Kaweah Delta Health Care District will meet at the Copper Conference Room {520 W Mineral King Avenue, Visalia, CA} on Tuesday, May 20, 2025:

- 1:00PM Open meeting
- Closed meeting immediately following open meeting pursuant to Government Code 54956.9(d)(2)

In compliance with the Americans with Disabilities Act, if you need special assistance to participate at this meeting, please contact the Board Clerk (559) 624-2330. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to the Kaweah Delta Health Care District Board of Directors meeting.

All Kaweah Delta Health Care District regular board meeting and committee meeting notices and agendas are posted 72 hours prior to meetings (special meetings are posted 24 hours prior to meetings) in the Kaweah Health Medical Center, Mineral King Wing near the Mineral King entrance.

The disclosable public records related to agendas can be obtained by contacting the Board Clerk at Kaweah Health Medical Center – Acequia Wing, Executive Offices (Administration Department/Executive Offices) {1st floor}, 400 West Mineral King Avenue, Visalia, CA via phone 559-624-2330 or email: kedavis@kaweahhealth.org, or on the Kaweah Delta Health Care District web page <http://www.kaweahhealth.org>.

KAWEAH DELTA HEALTH CARE DISTRICT

David Francis, Secretary/Treasurer



Kelsie Davis

Board Clerk / Executive Assistant to CEO

DISTRIBUTION:

Governing Board, Legal Counsel, Executive Team, Chief of Staff, www.kaweahhealth.org

Mike Olmos • Zone 1
President

Lynn Havard Mirviss • Zone 2
Vice President

Dean Levitan, MD • Zone 3
Board Member

David Francis • Zone 4
Secretary/Treasurer

Armando Murrieta • Zone 5
Board Member

Kaweah Delta Health Care District

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AUDIT AND COMPLIANCE COMMITTEE

Meeting Held: Tuesday, May 20, 2025 • Copper Conference Room, 520 W. Mineral King Avenue, 2nd Floor

Attending: Board Members: Michael Olmos – Committee Chair, Dean Levitan, M.D.; Gary Herbst, Chief Executive Officer; Malinda Tupper, Chief Financial Officer; Rachele Berglund, Legal Counsel; Ben Cripps, Chief Compliance & Risk Officer; Amy Valero, Compliance Manager; and Michelle Adams, Executive Assistant – Recording.

OPEN MEETING AGENDA {1:00pm}

CALL TO ORDER – Michael Olmos, Chair

PUBLIC / MEDICAL STAFF PARTICIPATION – Members of the public may comment on agenda items before action is taken and after it is discussed by the Board. Each speaker will be allowed five minutes. Members of the public wishing to address the Board concerning items not on the agenda and within the jurisdictions of the Board are requested to identify themselves at this time. For those who are unable to attend the beginning of the Board meeting during the public participation segment but would like to address the Board, please contact the Board Clerk (Kelsie Davis 559-624-2330) or kedavis@kaweahhealth.org to make arrangements to address the Board.

1. **MINUTES** – Review of the Quarterly February open minutes

2. **Written Reports** – Committee review and discussion of written reports.

2.1 **Compliance Program Activity Report** – Amy Valero

ADJOURN OPEN MEETING – Michael Olmos, Chair

CLOSED MEETING

Immediately following the 1:00pm open meeting

CALL TO ORDER – Michael Olmos, Chair

1. **MINUTES** – Review of the Quarterly February closed minutes

2. **Conference with Legal Counsel – Anticipated Litigation** – Significant exposure to litigation pursuant to Government Code 54956.9(d)(2) (3 cases) – Ben Cripps and Rachele Berglund (Legal Counsel)

ADJOURN CLOSED MEETING – Michael Olmos, Chair

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Audit and Compliance Committee Open

Tuesday, February 18, 2025

The Executive Office Conference Room

ATTENDING: Board Members: Mike Olmos (Chair) & Dean Levitan, M.D.; Gary Herbst, CEO; Ben Cripps, Chief Compliance & Risk Officer; Malinda Tupper, Chief Financial Officer; Rachele Berglund, Legal Counsel; Amy Valero, Compliance Manager; Michelle Adams, Executive Assistant

Mike Olmos called to order at 1:00pm.

No Public/Medial Staff Participation: None.

Approval of Quarterly November Audit & Compliance Committee Open Minutes: Dr. Dean Levitan made a motion to approve the minutes. Mike Olmos seconded the motion. Motion carried, 2-0.

Written Reports.

Compliance Program Activity Report. Amy Valero provided the Committee with a high-level overview noting:

- The CMS Final Rule for 2025 was distributed to appropriate leadership. Ms. Valero provided an overview of what the CMS Final Rule is and indicated there were 210 topics distributed to leaders.
- High Cost DRG, Inpatient Amputations & Outpatient Watchman Coding Audit was completed. A compliance rate of 92% for 55 DRG encounters was achieved, with a 0% net financial error rate and the outpatient watchman procedure audit resulted in a 100% procedure code accuracy with a net financial error rate of 0%. The Committee asked if there is a compliance percentage threshold. Ben Cripps explained that CMS guidance will never state a specific percentage, but based on previous audits 95% is acceptable. The Compliance Department utilizes 95% as an internal threshold. The Committee discussed who the final arbitrator is and the process for submitting appeals.
- Mr. Cripps provided the Committee with an update on the transition from Compliance 360 to a Workday solution called Workday Strategic Sourcing for contracts. He explained the transition is a savings of about \$70,000 a year. Mr. Cripps provided the Committee with background on the reason for implementing Compliance 360. Kaweah Health's Inpatient Rehab was the most audited in the nation, with the Compliance Department overseeing over 2,000 Recovery Audit Contractor (RAC) requests. Due to the backlog, CMS eventually issued a settlement offer for 67% of the amount in dispute. RAC requests are now able to be managed manually.
- The Committee asked if the Director of Audit & Compliance position has been filled. Mr. Cripps notified the Committee that he interviewed an applicant with potential, but the applicant is waiting to hear the outcome of other interviews prior to coming for a site visit.

Audit & Compliance Program Mission and Purpose. Mr. Cripps explained the Mission and Purpose is brought before the Committee annually to seek approval. The Committee discussed the selection of the financial auditors and whether we should request a proposal more often. Mr. Gary Herbst explained the benefit of staying with the same firm and Ms. Berglund recommended only seeing other proposals if the Committee is really considering a change. The Committee discussed how to monitor education, training and preventative activities. Mr. Cripps explained to the Committee where it is located in the reports. Dr. Dean Levitan made a motion to approve the Audit & Compliance Program Mission and Purpose. Mike Olmos seconded the motion. Motion carried, 2-0.

Audit and Compliance Committee Open
Tuesday, February 18, 2025
The Executive Office Conference Room



Approval of Closed Meeting Agenda. Dr. Dean Levitan made a motion to approve the closed meeting agenda. Mike Olmos seconded the motion. Motion carried, 2-0.

Mike Olmos adjourned the meeting at 1:27pm.

Committee minutes were approved for distribution to the Board by the Committee Chair on March 3, 2025.

COMPLIANCE PROGRAM ACTIVITY REPORT – Open Meeting
Ben Cripps, Chief Compliance and Risk Officer
February 2025 through April 2025

EDUCATION

Live Presentations

- Compliance and Patient Privacy – New Hire Orientation
- Compliance and Patient Privacy – Management Orientation
- Patient Privacy – Charge Nurse Curriculum

Written Communications – Bulletin Board / Area Compliance Experts (ACE) / All Staff / Leadership

- Non-Discrimination: Discrimination is Against the Law
- Compliance Program Education
- Interpreter Services

PREVENTION AND DETECTION

- **California Department of Public Health (CDPH) All Facility Letters (AFL)** – Review and distribute AFLs to areas potentially affected by regulatory changes; department responses reviewed and tracked to address the regulatory change and identify potential current/future risk
 - Eleven (11) AFL's distributed and tracked between February 2025 – April 2025
- **Medicare and Medi-Cal Monthly Bulletins** – Review and distribute bulletins to areas potentially affected by the regulatory change; department responses reviewed and tracked to address the regulatory change and identify potential current/future risk
 - Three-hundred and forty-five (345) bulletins distributed as assignments to department leaders and tracked between February 2025 – April 2025
 - Thirty-five percent (35%) compliance rate with assignment responses submitted within 15 days per policy. Fallouts are tracked and escalated as appropriate
- **Office of Inspector General (OIG) Monthly Audit Plan Updates** – Review and distribute OIG Audit Plan issues to areas potentially affected by audit issue; department responses reviewed and tracked to identify potential current/future risk
 - Nine (9) OIG audit plan issues distributed and tracked between February 2025 – April 2025
- **California State Senate and Assembly Bill Updates** – Review and distribute legislative updates to areas potentially affected by new or changed bills; department responses reviewed and tracked to address regulatory change and identify potential current or future risk
 - Fifty-four (54) newly approved Assembly Bills distributed and tracked between February 2025 – April 2025
 - Nineteen (19) newly approved Senate Bills distributed and tracked between February 2025 – April 2025

- **Patient Privacy Walkthrough** – Quarterly observations of privacy practices and privacy-related regulatory requirements including signage throughout Kaweah Health’s inpatient and outpatient facilities; issues identified communicated to area Management for follow-up and education
 - Findings of the quarterly privacy walkthroughs performed between February 2025 – April 2025 noted:
 - Loosely placed patient documentation in wall pockets outside of exam rooms; implementation of additional privacy measures
- **Electronic Medical Record (EMR) User Access Privacy Audits** – Daily monitoring of EMR user access through the use of FairWarning electronic monitoring technology which analyzes user and patient data to detect potential privacy violations
 - Average of one hundred and seventy-eight (178) daily alerts reviewed and investigated between February 2025 – April 2025
- **Office of Inspector General (OIG) Exclusion Attestations** – Quarterly monitoring of OIG Exclusion List review and attestations. Monthly screening and review of OIG Exclusion List for non-credentialed providers who have ordered ancillary services for patients presenting at the medical center
 - Eleven (11) non-credentialed providers identified on the Medicare Opt-Out list between February 2025 – April 2025, findings tracked and logged in the system. No additional action required as the patients for whom services were ordered did not have Medicare coverage

OVERSIGHT

- **Fair Market Value (FMV) Oversight** – Ongoing oversight and administration of physician payment rate setting and contracting activities including Physician Recruitment, Medical Directors, Call Contracts, and Exclusive and Non-Exclusive Provider Contracts
- **Medicare Recovery Audit Contractor (RAC) Activity** – Records preparation, tracking, appeal timelines, and reporting
 - The following RAC Audit Activity took place between February 2025 – April 2025:
 - Two (2) new RAC audit requests received, tracked and processed
 - Seventy (70) RAC audit request appeals approved
 - Eighteen (18) RAC audit request appeals denied
- **Licensing Applications and Medi-Cal/Medicare Facility Enrollment** – Forms preparation and submission of licensing applications to the California Department of Public Health (CDPH); ongoing communication and follow-up regarding status of pending applications. The following applications for licensure and/or enrollment were completed between February 2025 – April 2025:
 - Director of Nursing change for Medical Center
 - Administrator and Director of Nursing changes for Skilled Nursing Facility
 - Director of Patient Care and Designee changes for Hospice
 - Licensing Application for Kaweah Health Valencia RHC

- **KD Hub Non–Employee User Access** – Oversight and administration of non-employee user onboarding, privacy education, and user profile tracking; evaluate, document, and respond to requests for additional system access; on-going management of non-employee KD Hub users between February 2025 – April 2025:
 - One-hundred and fifty-three (153) system access applications were received and processed

RESEARCH, CONSULTATION AND OVERSIGHT

- **Required Patient Observation Notices - MOON & Initial Observation Letter** – Consultation; Compliance was engaged to evaluate the requirements regarding the issuance of both the Medicare Outpatient Observation Notice (MOON) and the Initial Observation Letter for Medicare patients. Both Federal and California state law require the issuance of Observation Notices to patients who are receiving outpatient care in an inpatient setting (defined as "observation services"), due to the impact such services have on insurance coverage, billing, and the patient's potential financial liability. The Centers for Medicare and Medicare Services (CMS) requires the MOON to be issued to Medicare and Medicare Advantage patients, while California state law requires Observation Notice letters to be given to all patients placed in Observation, regardless of insurance payor. The review concluded that the MOON and Initial Observation Letter fulfill the same requirement, therefore Medicare and Medicare Advantage patients do not need to receive the Initial Observation letter, as the issuance of the MOON satisfies both federal and state laws. Findings were shared with Patient Access and Case Management Leadership.
- **Outpatient Signage Requirement for Observation Services** – Consultation; Compliance was engaged to re-evaluate the requirements regarding outpatient signage to be displayed within the medical center in areas where patients are receiving observation services. When the law was originally implemented, the Compliance office reviewed the regulation and provided guidance. At the request of Kaweah Health leadership and to confirm the findings of the original interpretation, a review of California state law was conducted to assess the applicability of such requirements within the medical center. Outpatient signage is required in designated observation units outside of an inpatient unit within a General Acute Care Hospital (GACH). Kaweah Health does not have specified observation units within the medical center, rather provides observation services within all medical / surgical inpatient units of the hospital. The review confirmed the original interpretation that observation signage is not required to be placed in areas of the GACH which are not designated as observation units and therefore Kaweah Health is compliant with regulatory requirements. Findings were shared with Patient Access Leadership.

AUDITING AND MONITORING

- **Outpatient Physical Therapy Targeted Probe and Educate** - On February 19, 2025, Medicare Administrative Contractor (MAC) Noridian initiated a prepayment Targeted Probe & Educate Review of thirty (30) outpatient physical therapy claims billed with the Current Procedural Terminology (CPT) code 042x, regarding outpatient physical therapy services. The

review was initiated due to a six-month comparative billing report indicating that Kaweah Health's utilization of CPT code 042x increased by ninety-two percent (92%) within the review period. The purpose of the claim review is to ensure documentation supports the reasonable and necessary criteria of the services billed in accordance with Medicare rules and regulations. Documentation was submitted to Noridian and preliminary results indicate that twenty-nine (29) records have passed review, however the results are outstanding.

- **Cardiac Catheterization Lab Targeted Probe and Educate** - On April 9, 2025, Medicare Administrative Contractor (MAC) Noridian initiated a prepayment Targeted Probe & Educate Review of Cardiac Catheterization Lab claims billed with the Current Procedural Terminology (CPT) code 93458, left heart catheterization with coronary angiography. The review was initiated due to a six-month comparative billing report indicating that Kaweah Health's utilization of CPT code 93458 increased by twenty-seven percent (27%) within the review period. The purpose of the claim review is to ensure documentation supports medical need (medical necessity) in accordance with Medicare rules and regulations. An internal review of code utilization is taking place to understand contributing factors of the increase, which are unknown at this time. Twenty-four (24) claims have been requested for review to date, it is unknown at this time if there will be additional claims requested. Results of the review are outstanding.

Agenda item intentionally omitted