

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 Executive Office Conference Room {305 W Acequia Avenue, Visalia, CA} on Tuesday, February 18, 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

Kaweah Delta Health Care District

Board of Directors Committee Meeting

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

AUDIT AND COMPLIANCE COMMITTEE

Meeting Held: Tuesday, February 18, 2025 • Executive Office Conference Room

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 – 1:00 PM

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 – [Approval of the Quarterly November open minutes](#)

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

2.1 [Compliance Program Activity Report](#) – Amy Valero

2.2 [Audit and Compliance Program Mission and Purpose](#) – Ben Cripps

3. Approval of Closed Meeting Agenda – Kaweah Health Executive Office Conference Room – immediately following the open meeting

- Minutes – Approval of the Quarterly November closed minutes
- Conference with Legal Counsel – Anticipated Litigation – Significant exposure to litigation pursuant to Government Code 54956.9(d)(2) (8 cases)

ADJOURN OPEN MEETING – Michael Olmos, Chair

CLOSED MEETING – Immediately following the 1:00pm open meeting

CALL TO ORDER – Michael Olmos, Chair

1. MINUTES – [Approval of the Quarterly November closed minutes](#)

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 Board of Directors Committee Meeting

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2. Conference with Legal Counsel – Anticipated Litigation – Significant exposure to litigation pursuant to Government Code 54956.9(d)(2) (8 cases) – *Ben Cripps and Rachele Berglund (Legal Counsel)*

ADJOURN CLOSED MEETING – Michael Olmos, Chair

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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

Audit and Compliance Committee

Thursday, November 14, 2024

The Emerald 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 2:30pm.

Approval of the Quarterly August Audit & Compliance Committee Minutes: Dr. Dean Levitan made a motion to approve the minutes. Mike Olmos seconded the motion.

Approval of the October Audit & Compliance Committee Minutes: Dr. Dean Levitan made a motion to approve the minutes. Mike Olmos seconded the motion.

Written Reports

- Ben Cripps noted Section 1557 Nondiscrimination Final Rule goes into effect on July 1, 2025, requiring specific elements that the Compliance office will oversee. An extensive workgroup is in place to ensure compliance is met prior to the July 1, 2025 effective date.

Verbal Reports: Mr. Cripps provided a verbal report noting:

- Gary Herbst has approved a Director of Compliance position to help further elevate the Compliance Program efforts. Mr. Cripps noted he has received a couple of applicants, and he will be posting the position on the Health Care Compliance Association job board. Mr. Herbst noted the volume of activity that Risk Management and physician contracting has grown exponentially requiring more of Mr. Cripps' time.

Approval of Closed Meeting Agenda: Dr. Dean Levitan made a motion to approve the closed meeting agenda. Mike Olmos seconded the motion.

Mike Olmos adjourned the meeting at 2:39pm.

Committee minutes were approved for distribution to the Board by the Committee Chair on

COMPLIANCE PROGRAM ACTIVITY REPORT – Open Meeting
Ben Cripps, Chief Compliance and Risk Officer
November 2024 through January 2025

EDUCATION

Live Presentations

- Compliance and Patient Privacy – New Hire Orientation
- Compliance and Patient Privacy – Management Orientation
- Compliance and Patient Privacy – Emergency Medicine PGY3 Administration Rotation
- Compliance and Patient Privacy – HIM Annual Education
- Compliance and Patient Privacy – Patient Accounting Annual Education
- Compliance and Patient Privacy – Case Management Annual Education
- Patient Privacy – Charge Nurse Curriculum

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

- Importance of the Conditions of Admission
- Identity Theft
- Think Before You Act – Fairwarning
- Federal Stark Law: Physician Gifts/Non-Monetary Compensation Limit 2025

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
 - Six (6) AFL’s distributed and tracked between November 2024 – January 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
 - Four hundred and fifty-three (453) bulletins distributed as assignments to department leaders and tracked between November 2024 – January 2025
 - Eighty-five percent (85%) 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
 - Twenty (20) OIG audit plan issues distributed and tracked between November 2024 – January 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

- Thirteen (13) newly approved Assembly Bills distributed and tracked between November 2024 – January 2025
- Three (3) newly approved Senate Bills distributed and tracked between November 2024 – January 2025
- **Centers for Medicare and Medicaid Services (CMS) Final Rule** – Review and distribution of the 2025 CMS Final Rule for Inpatient Prospective Payment System (IPPS), Outpatient Prospective Payment System (OPPS), Inpatient Psychiatric Facility (IPF), Inpatient Rehabilitation Facility (IRF), End-Stage Renal Disease (ESRD), Skilled Nursing Facility (SNF), Home Health, Hospice, and Physician Fee Schedule (PFS) Prospective Payment System policy and payment updates; department responses reviewed and tracked to address the regulatory change and identify potential current/future risk
 - Two hundred and ten (210) topics distributed as assignments to department leaders
- **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 November 2024 – January 2025 noted:
 - Distribution and confirmation of new Discrimination signage
- **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 thirty-eight (138) daily alerts reviewed and investigated between November 2024 – January 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
 - Nine (9) non-credentialed providers identified on the Medicare Opt-Out list between November 2024 – January 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) and Medicare Probe Audit Activity** – Records preparation, tracking, appeal timelines, and reporting
 - The following RAC Audit Activity took place between November 2024 – January 2025:
 - Eighty-eight (88) new RAC audit requests received, tracked and processed
 - Seven (7) RAC audit request appeals approved

- Six (6) RAC audit request appeals denied
 - Seventy-seven (77) RAC audit request responses pending in review status
- **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 November 2024 – January 2025:
 - Sequoia Regional Cancer Center Facility Medicare enrollment
 - Skilled Nursing Facility Medicare revalidation enrollment
 - Willow Suites 2nd & 5th Floors On-Campus Provider Designation Medicare enrollment updates
 - Kaweah Health Cardiology Center - Tulare Medi-Cal enrollment
- **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
 - Ninety-nine (99) system access applications were received and processed
 - A new user access application and tracking system was developed and implemented to replace the previous vendor, resulting in cost savings

RESEARCH, CONSULTATION AND OVERSIGHT

- **Conditions of Admission (COA) and Overall Registration Policy Process** – Consultation and oversight; Compliance was engaged to evaluate the Conditions of Admission (COA) process, specifically to establish a standardized protocol outlining the required frequency for the completion of COAs for individual patient visits as well as treatment series encounters, in which a patient is receiving repetitive outpatient treatments ordered by a practitioner for the treatment of a specific medical condition or diagnosis for a defined period of time. Workgroups reviewed regulations, policies, processes and current workflows, which identified gaps surrounding consistent application and formal definition of treatment series encounters. Policies and workflows were established to standardize the definition of treatment series encounters across all outpatient departments to ensure consistent COA requirements.
- **Inpatient Rehabilitation Facility (IRF) Preadmission Screening Clinical Scope** – Research and Consultation; Compliance was engaged to assess the scope of clinical personnel within the Inpatient Rehabilitation Facility (IRF) to conduct the preadmission screening process for admission to the IRF; specifically if Licensed Vocational Nurses (LVNs) were qualified to perform the screening according to regulatory requirements. The Medicare Benefit Policy Manual was reviewed and determined that qualified, licensed or certified clinical staff, including LVNs, may perform the preadmission screening as determined by IRF physicians. Findings were shared with IRF leadership.
- **Reporting of County Mental Health Patients SB 929** – Research and Consultation; Compliance was engaged by Patient and Family Services (PFS) to review and determine the appropriateness and extent of mental health 5150-designated patient data to be reported to Tulare County in accordance with Senate Bill 929 (SB929). SB929 was reviewed along with

state and federal privacy laws. Guidance outlining the appropriate data elements to include within SB929 required reporting was provided to PFS leadership.

- **Speech Language Pathologist (SLP) Certification Billing** – Research and Consultation; Compliance was engaged to evaluate the impact on billing for services for Speech Language Pathologists (SLPs) who obtain a national Certificate of Clinical Competence in Audiology and Speech-Language Pathology. Research into the chargemaster and SLP Medicare billable codes was conducted and determined that there is only one code used for billing SLP services, regardless of additional certification. Findings were shared with Rehabilitation Leadership.
- **Nasal Swab Scope of Practice in the Emergency Department** – Research and Consultation; Compliance was engaged to evaluate the scope of practice to perform nasal swabs for three of the clinical roles in the Emergency Department (ED). The scope of practice for Emergency Department Technicians (ED Techs), Medical Assistants (MAs), and Certified Nursing Assistants (CNAs) were reviewed, in addition to Title 22 regulatory guidance outlining requirements in a hospital setting. It was determined that ED Techs and MAs are allowed to perform nasal swabs, however CNAs are not. Findings were shared with ED Leadership.
- **Retacrit (Epotin) Charging Issue** – Consultation and Oversight; The Compliance Department was notified of a charge issue for inpatient Dialysis pharmaceutical drug, Retacrit. During a routine charge audit, it was identified that multiple accounts were holding for Retacrit due to charges exceeding the allowable billable units for the drug's associated revenue code. Through a review of the issue, it was discovered that the charge was inadvertently built for a single-dose vial, however, the drug was being dispensed as a multi-dose vial. Due to this discrepancy, the total charges and dose quantities were incorrect. After review of the 340B CDMs/NDCs and accumulations associated, it was noted that the accumulations matched the product which was appropriate. A charge audit was completed and determined that due to the accumulations being accurate and having no financial impact, there was no need to process corrected claims. An audit conducted in December 2024 confirmed effective corrective measures.

AUDITING AND MONITORING

- **High Cost DRG, Inpatient Amputations & Outpatient Watchman Coding Audit** – As a part of Kaweah Health's auditing and monitoring processes, high-cost procedures and services, as well as new procedures, are evaluated as potential risk areas for accurate coding and billing. Through the risk assessment process, an audit was initiated to evaluate the accuracy of high-cost and amputation inpatient Diagnosis-Related Group (DRG) coding assignments and outpatient watchman procedure coding. An external audit agency was engaged to conduct a facility review of fifty-six (56) randomly selected Medicare patient encounters, twenty-four (24) of which were inpatient encounters with high-cost DRG assignments, thirty-one (31) of which were inpatient amputation encounters, and one (1) of which was an outpatient watchman procedure with dates of service between July 1- August 31, 2024. Clinical coding and billing documentation was reviewed to evaluate accuracy and compliance in accordance with Medicare guidelines. The review noted a ninety-two percent (92%) DRG accuracy rate, resulting in four (4) total DRG changes, of which three (3) were underpayments totaling \$46,330 and one (1) overpayment totaling \$1,111. The review noted a virtually untraceable net financial error rate of 0.08%. The results of the outpatient watchman procedure resulted in a

100% procedure code accuracy and a net financial error rate of 0%. The findings of the review have been communicated with the coding leadership team. Risks associated with inpatient DRG, inpatient amputation and outpatient watchman procedure coding will be monitored to determine if a reaudit will be required in the future.

AUDIT AND COMPLIANCE COMMITTEE

MISSION AND PURPOSE: To promote an organizational culture that encourages ethical conduct and a commitment to compliance with laws, rules, and regulations and provide oversight of the structure and operation of the Compliance and Internal Audit Programs.

To assist Kaweah Health's Board of Directors in fulfilling its responsibility for the oversight and governance of Compliance Program Administration, Kaweah Health's Audited Financial Statements, systems of internal controls over financial reporting, operations, and audit processes, both internal and external.

Kaweah Health's Board of Directors is committed to full implementation of effective Compliance and Internal Audit Programs. Creating and reinforcing compliance and a system of appropriate internal controls is a priority of the Board of Directors, Chief Executive Officer, Chief Compliance and Risk Officer, and Senior Management.

AUTHORITY: The Compliance and Audit Committee has the authority to conduct or authorize investigations into matters within the Committee's scope of responsibilities, retain independent counsel, consultants or other resources to assist in investigations and audits, seek information it requires from employees or external parties, and to meet with Kaweah Health Officers, consultants, or outside counsel as needed.

COMPOSITION: The Compliance and Audit Committee is comprised of the following Members:

- Board Members (2) – The Board President or Secretary/Treasurer and Board Member Appointee
- Senior Leadership – Chief Executive Officer and Chief Financial Officer
- Legal Counsel/Compliance Advocate – Rachele Berglund
- Chief Compliance and Risk Officer
- Compliance Manager

MEETINGS: The Committee shall meet at regularly scheduled intervals, with the authority to convene additional meetings as necessary. The Committee is authorized to request attendance from members of management or others to provide information that would be relevant to the Committee.

The Committee may meet in an executive session when necessary and permissible by applicable laws.

SPECIFIC RESPONSIBILITIES:

1. Review developments of the Compliance and Internal Audit Programs to enable the Committee to make recommendations to the Board of Directors when appropriate.
2. Provide oversight as needed to ensure that the Compliance and Internal Audit Programs effectively facilitate the prevention and/or detection of violations of law, regulations, and Kaweah Health policies.
3. Ensure autonomy and review resources assigned to the Compliance and Internal Audit Programs to assess their adequacy relative to the program's effectiveness.
4. Ensure annual review of the Office of Inspector General's Work Plan and other relevant resources to identify potential risk areas and assess their impact on Kaweah Health.
5. Monitor physician contracts and payments made to physicians to ensure appropriateness and compliance with laws and regulations.
6. Convene the Executive Fair Market Value Committee, a sub-Committee of the Compliance Committee, as necessary to ensure that physician contracts are established within fair market value.
7. Review the Compliance and Internal Audit Annual Plans, activities, staffing and structure; ensure that the Chief Compliance and Risk Officer's (or designee(s)) access to information, data and systems is not restricted or limited in any way.
8. Select or dismiss independent accountants responsible for completing Kaweah Health's Financial Statement and Retirement Plan Audits (subject to approval by the Kaweah Health Board of Directors); review and approve fees paid to independent accountants; approve or disapprove consulting services provided by independent accountants to ensure independence and objectivity.
9. Meet with the independent accountants prior to, during, and after the annual audit to evaluate, understand and report to the Board on the various aspects and findings of the audit as follows:
 - a. Audit scope and procedural plans
 - b. Significant areas of risk and exposure and management's actions to minimize them
 - c. Adequacy of Kaweah Health's internal controls, including computerized information system controls and security
 - d. Significant audit findings and recommendations made by the independent accountants
 - e. The annual Audited Financial Statements, related Footnotes Disclosure, and the Independent Accountant's Report thereon

- f. The independent auditor's qualitative judgments about the appropriateness, not just the acceptability, of accounting principles and financial disclosures and how aggressive (or conservative) the accounting principles and underlying estimates are or should be
 - g. Serious difficulties or disputes with management encountered during the course of the audit
10. Reviews and evaluates management's written response to the independent accountants' management letter. Instructs the Internal Audit Leadership to confirm complete implementation of any Management action required by external auditor's Management Letter.
 11. Review legal and regulatory matters that may have a material effect on the organization's financial position, financial statements, and/or reputation.
 12. Monitor effectiveness and timeliness of responses to identified issues.
 13. Monitor education, training, and preventive activities.
 14. Review and evaluate the effectiveness of the Kaweah Health Compliance and Internal Audit Programs.
 15. Recommend, review, and approve revisions to the Compliance Program's Code of Conduct and Compliance Policies Manual.
 16. Report Committee actions and recommendations to the Kaweah Health's Board of Directors.

Presented to the Compliance and Audit Committee on February 18, 2025 for approval.

Agenda item intentionally omitted