

Dutchess

November 14, 2011

James Coughlan
Comptroller
22 Market Street
Poughkeepsie, New York 12601

Dear Mr. Coughlan:

The Dutchess County Department of Health has received and reviewed the draft of your audit report regarding the Dutchess County Department of Health's McKesson software purchase which is used for patient billing. The audit included a review of the expenses associated with the software, as well as staffing, services, billing and collection processes.

I am pleased to see that the audit report recognizes that the department's internal controls and procedures ensure that checks and balances are in place for data entry, billing, and collection of revenue. The report also recognizes that the McKesson system is not only used for billing purposes, but also for computerization of clinical data. The report recommends that additional data collection and billing capabilities be explored and states that billing has not been integrated into the financial system and, therefore, questions whether the use of bond funds was the proper source of funding.

We offer the below specific responses to your audit report:

1. The Use of Bond Funds

The McKesson software was purchased from our Financial Management System bond funds authorized in a bond resolution from August 2004. Section 11.00 of the Local Finance Law cited in the bond resolution involves "computer-assisted integrated financial management and accounting system" components. In the opinion of bond counsel, It does not require that the components all be electronically linked to one another but rather they must form part of a system of financial management and accounting that is computer assisted. There is no definition of what is meant by "integrated," and components that are not auto-connected in some way are not problematical under the language of the bond resolution.

It has been the intent to integrate the data provided by such systems into the overall financial management infrastructure. Whether or not that occurs does not taint the obligations issued for that purpose by virtue of the estoppels' procedure utilized by the County upon authorization.

Dutchess
County
Department
of Health

William R. Steinhaus
County Executive

Michael C. Caldwell,
MD, MPH
Commissioner

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2. Patient Account Receivables should be posted into LOGOS.

The McKesson software has systems in place to track the claiming process. Claims are sent to insurance companies for reimbursement; payment of a claim is subject to multiple variables which would impact whether or not we will receive payment. The McKesson software allows us to code the reason for partial or non payment of a claim, a feature which is unique to the McKesson billing system rather than a financial management system. Once the claim is finalized and we have the payment in hand, we are able to record this revenue into LOGOS.

Entering the account receivables into LOGOS as you recommend would be premature and involve duplication of data entry as well as necessitate adjustments into LOGOS if payment is not received in full. This would not be an efficient use of our technologies.

3. Expanding the use of the Software

The Department of Health has been working closely with our Office of Computer Information System (OCIS) staff to maximize usage of the McKesson software. Your audit report recognizes that the fact that we have used the system for patient health record, for quality improvement, as well as billing purposes. Establishing electronic medical records facilitates record keeping and reduces time lag from the request for services to actual delivery of services. We will continue to work with OCIS to identify features within the McKesson software system that can be used to improve our services.

Thank you for the continued courtesy of you and your staff while assisting us in evaluating our billing procedures.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael C. Caldwell". The signature is fluid and cursive, with a prominent flourish at the end.

Michael C. Caldwell, MD, MPH
Commissioner