

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**REVIEW OF HOME HEALTH SERVICES  
BILLED DURING AN INPATIENT STAY**

**VISITING NURSE ASSOCIATION OF  
BOSTON**



**JUNE GIBBS BROWN**  
Inspector General

JUNE 1996  
A-01-96-00500



Office of Audit Services  
Region I  
John F. Kennedy Federal Building  
Boston, MA 02203  
(617) 565-2684

June 19, 1996

CIN: A-01-96-00500

Ms. Ilene M. Freitag  
President  
VNA of Boston  
75 Arlington Street  
Boston, Massachusetts 02116

Dear Ms. Freitag:

The purpose of this final report is to provide you with the results of our review of home health services billed by Visiting Nurse Association (VNA) of Boston under the Medicare program. The objective of our review was to determine whether procedures were established to ensure that home health agency (HHA) services were not billed to Medicare while a beneficiary was an inpatient at a hospital.

Under current Medicare regulations, Medicare does not cover home health services furnished while a patient is an inpatient at a hospital. Moreover, to be covered, home health services must be properly supported. A computer match of the calendar year (CY) 1994 inpatient and home health agency paid claims data identified 2,061 home health claims with 45,451 home health visits valued at a cost of approximately \$2,535,899 submitted by VNA of Boston in which the home health dates of service overlapped an inpatient stay.

The VNA of Boston generally has adequate controls in place to ensure that services billed are rendered, properly documented, and supported in the medical records. Our review of a random sample of 100 claims representing 2,261 home health visits, identified that only 32 home health visits were billed in error (about 1.4%). We found that 6 home health visits were billed while a beneficiary was an inpatient at a hospital and 26 home health visits did not have supporting documentation in the medical records to show if the services were rendered. As a result of reviewing a random sample of claims, we estimate that the Medicare program visits and costs reported in VNA of Boston's fiscal year (FY) 1994 cost report may be overstated by 660 home health visits or a cost of \$41,322.

A listing of the claims with these errors was provided to VNA of Boston during our review. We will also forward the results of our review to Associated Hospital Services of Maine (the fiscal intermediary) so that it can determine whether adjustments to VNA of Boston's FY 1994 cost report are warranted. The VNA of Boston is developing policies and procedures addressing "absent visit guidelines." Additionally, we recommend that VNA of Boston continue to strengthen procedures to ensure that services are rendered and supported in the medical records.

In response to the draft report, the VNA of Boston stated in its letter dated June 17, 1996 that "It appears that the information in the Report is correct, and we accept your recommendations".

## **BACKGROUND**

For home health services provided to Medicare beneficiaries, Medicare regulations state that:

- ✓ Medicare coverage of home health services includes skilled nursing services, physical, occupational, or speech therapy services, and home health aide services. It does not, however, include housekeeping services. [Title 42 Code of Federal Regulation, §409.42, §409.45, §409.49(d) and Home Health Agency Manual, §230.]
- ✓ A beneficiary's residence is wherever he makes his home. However, an institution may not be considered a beneficiary's residence if the institution is a hospital. Medicare does not reimburse HHAs for services rendered while a patient is an inpatient in a hospital. [Title 42 Code of Federal Regulations, §409.42(a) and Medicare Intermediary Manual, §3117.1(B).]
- ✓ Adequate cost information must be maintained in the provider's records to support payments made for services furnished to beneficiaries. [Title 42 Code of Federal Regulations, §413.24 (c).]
- ✓ Covered home health services are reimbursed on a visiting basis. A visit is a personal contact in the place of residence of a beneficiary made for the purpose of providing a covered service by a health worker on the staff of the HHA. [Social Security Act, §1861(m) and Home Health Agency Manual, §218.1.]
- ✓ Medicare fiscal intermediaries (FI) reimburse HHAs on a reasonable cost basis for the costs related to visits for patient care. As claims are submitted on a periodic basis, i.e., biweekly or monthly, HHAs receive interim payments approximating, on the average, the costs of covered home health services furnished. [Title 42 Code of Federal Regulations, §413.64(a) and (h)(6), and Medicare Intermediary Manual, §3638.]
- ✓ Final reimbursement is made upon settlement of the annual HHA cost report submitted by the HHAs to the FIs. The basis for determining the overall costs of furnishing home health services and the Medicare share of those costs is the HHA cost report. [Title 42 Code of Federal Regulation, §413.64 (f), and Provider Reimbursement Manual, §3200.]

The VNA of Boston reported 841,124 Medicare home health visits, valued at a cost of \$44,946,197 in the "as filed" FY 1994 cost report.

## SCOPE

Our audit was conducted in accordance with generally accepted government auditing standards. The objective of our review was to determine whether procedures were established to ensure that HHA services were not billed to Medicare while a beneficiary was an inpatient at a hospital. Our audit covered home health services billed in CY 1994.

As part of our examination, we obtained an understanding of the internal control structure as it relates to the audit objective. Specifically, we reviewed controls over the documentation and billing of home health services. Our review did not include a determination of the medical necessity of the home health visits billed.

To accomplish our objective we:

- reviewed the Federal regulations and guidelines provided in the Title 42 Code of Federal Regulations Parts 409 and 413, Social Security Act, Medicare Intermediary Manual, Home Health Agency Manual, and Provider Reimbursement Manual for procedures established for accumulating and reporting HHA visits;
- obtained the "as filed" FY 1994 cost report for VNA of Boston to determine the average cost per discipline;
- conducted a computer match of Health Care Financing Administration's (HCFA) National Claims History CY 1994 inpatient and home health paid claims data, which identified 2,061 home health claims valued at a cost of approximately \$2,535,899 in which the home health dates of service overlapped an inpatient stay;
- randomly selected 100 home health claims valued at a cost of \$123,042 from the file of 2,061 home health claims;
- obtained and reviewed the Medicare remittance advice for the selected 100 home health claims;
- reviewed the medical records for each home health claim to determine when or if the services were actually performed in CY 1994;
- verified the accuracy of the inpatient dates of service with the inpatient provider; and
- used a variable statistical sampling approach to project the overstated Medicare program visits and costs reported in VNA of Boston's FY 1994 cost report.

In completing our review, we established a reasonable assurance on the authenticity and accuracy of the computer generated data. Our audit was not directed toward assessing the completeness of the files from which the data was obtained.

Our field work was performed in February 1996 at the Boston Regional Office of the Office of the Inspector General, and VNA of Boston, Inc. in Boston and Cambridge, Massachusetts.

The draft report was issued on April 18, 1996. The VNA of Boston's response to the draft report, dated June 17, 1996, is appended to this report (see Appendix) and is addressed on page 6.

## FINDINGS AND RECOMMENDATION

During our review of a random selection of 100 claims with 2,261 home health visits, we found only 6 home health visits were billed while the beneficiary was an inpatient at a hospital. In addition, we found 26 home health visits were billed which did not have supporting documentation in the medical records to show if the services were rendered. In our opinion, VNA of Boston generally has adequate controls in place to ensure that services billed are rendered, properly documented, and supported in the medical records. The VNA of Boston is also developing policies and procedures addressing "absent visit guidelines." As a result of reviewing a random sample of claims, we estimate that the Medicare program visits and costs reported in VNA of Boston's fiscal year (FY) 1994 cost report may be overstated by 660 home health visits or a cost of \$41,322.

Under current Medicare regulations, Medicare does not cover home health services furnished while a patient is an inpatient in a hospital. Moreover, to be covered, home health services must be properly supported. Covered home health services are furnished on a visiting basis. In this regard, a visit is a personal contact in the place of residence of a beneficiary made for the purpose of providing a covered service by a health worker on the staff of the HHA. A beneficiary's residence is wherever he makes his home. However, an institution may not be considered a beneficiary's residence if the institution is a hospital.

From Date of Service	Through Date of Service
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### Home Health Claim

<b>1<sup>st</sup></b>	<b>31<sup>st</sup></b>
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From Date of Service	Through Date of Service
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### Inpatient Claim

<b>10<sup>th</sup></b>	<b>20<sup>th</sup></b>
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The VNA of Boston generates home health claims on a monthly basis.

**Diagram 1**

Therefore, if a beneficiary becomes an inpatient during the HHA's billing period, an overlap with the inpatient dates of service will occur. As Diagram 1 depicts, VNA of Boston would generate a bill for services provided to a beneficiary from January 1st to January 31st and a hospital would generate a bill for an inpatient stay from January 10th to January 20th for the same beneficiary.

To determine if home health services were billed during an inpatient stay, we performed a computer match of HCFA's National Claims History CY 1994 inpatient and home health agency paid claims data. As a result of these computer applications, we identified 2,061 home health claims with 45,451 home health visits, valued at an estimated cost of over \$2.5 million submitted by VNA of Boston, in which the home health dates of service overlapped the dates of service of an inpatient stay.

We randomly selected 100 home health claims, valued at a cost of approximately \$123,000, with 2,261 home health visits. We reviewed the patient's medical records to determine the actual dates of service of the home health visits and compared these dates to the inpatient stay in the hospital. The VNA of Boston reviewed each of the discrepancies noted in our review.

As a result of our review, we identified 32 home health services in which VNA of Boston either billed for services while the beneficiary was an inpatient at a hospital or did not have supporting documentation in the medical records to show if the services were rendered. Specifically, our analysis showed that:

- ✓ five claims containing one skilled nurse visit and five home health aide visits were billed while the patient was an inpatient at a hospital. For three home health aide visits, the medical records disclosed the home health aides provided services to the beneficiary, i.e., a bath, mouth care, bedmaking, care of patient room, etc. However, these services could not have been rendered since the beneficiary was an inpatient at a hospital. For one skilled nurse visit and two home health aide visits, VNA of Boston did not have supporting documentation in the medical records indicating when the services were rendered to the beneficiary; therefore, we relied on the detail bill which indicated the dates of service for the visits billed. As a result, VNA of Boston's FY 1994 cost report is overstated by one skilled nurse visit and five home health aide visits valued at a cost of \$297;
- ✓ on eight claims, VNA of Boston did not have documentation in the medical records supporting eight skilled nursing visits, two physical therapist visits, and one home health aide visit. According to VNA of Boston, the medical record is the source of the bills submitted to the FI. However, the documentation in the medical records supported fewer home health visits than what was billed to Medicare. Therefore, VNA of Boston could not confirm that the 11 home health visits were conducted. As such, VNA of Boston's FY 1994 cost report may be overstated by 11 home health visits valued at a cost of \$708;

- ✓ for two claims containing 13 skilled nursing visits and 2 physical therapist visits, VNA of Boston was unable to locate the medical records. Therefore, we could not determine when or if the home health visits billed were actually conducted. As such, VNA of Boston's FY 1994 cost report may be overstated by 15 home health visits valued at a cost of \$999.

As a result of reviewing the 100 claims and extrapolating the results of the statistical sample over the population using standard statistical methods, these errors, both visits billed during the inpatient stay and visits billed with no supporting documentation in the medical records, would mean that VNA of Boston's FY 1994 cost report may be overstated by 660 home health visits,  $\pm$  59.27 percent, or a cost of \$41,322,  $\pm$  61.96 percent, at the 90 percent confidence interval.

A listing of the claims with these errors was provided to VNA of Boston during our review. We will also forward the results of our review to Associated Hospital Services of Maine (the fiscal intermediary) so that it can determine whether adjustments to VNA of Boston's FY 1994 cost report are warranted. The VNA of Boston is developing policies and procedures addressing "absent visit guidelines." Additionally, we recommend that VNA of Boston continue to strengthen procedures to ensure that services are rendered and supported in the medical records.

#### **AUDITEE RESPONSE**

In response to the draft report, the VNA of Boston stated in its letter dated June 17, 1996 that "It appears that the information in the Report is correct, and we accept your recommendations".

[REDACTED]

In accordance with the principles of the Freedom of Information Act (Public Law 90-23), Office of Inspector General, Office of Audit Services' reports issued to the Department's grantees and contractors are made available, if requested, to members of the press and the general public to the extent information contained therein is not subject to exemptions in the act which the Department chooses to exercise. (See 45 CFR Part 5).

Final determination as to actions taken on all matters reported will be made by the HHS action official named below. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

Page 7 - Ilene M. Freitag

Please refer to Common Identification Number A-01-96-00500 in all correspondence relating to this report.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Richard J. Ogden". The signature is fluid and cursive, with a large initial "R" and "O".

Richard J. Ogden  
Regional Inspector General  
for Audit Services

Direct Reply to HHS Action Official:

Sidney Kaplan, Regional Administrator  
Health Care Financing Administration

cc: Al Harvey, Director of Audit and Reimbursement  
Associated Hospital Services of Maine

Mark Humphreys, Audit Supervisor  
Associated Hospital Services of Maine

Karen Burns White, Utilization Review Manager  
VNA of Boston

Visiting Nurse Association of Boston  
and its affiliates

75 Arlington Street  
Boston, MA 02116  
617-426-5555



June 17, 1996

Mr. Richard J. Ogden  
Regional Inspector General for Audit Services  
Department of Health & Human Services  
Region 1  
John F. Kennedy Federal Building  
Boston, MA 02203

Re: Common Identification Number A-01-96-00500

Dear Sir:

In response to your letter dated June 12, 1996, we have reviewed the Draft Report issued on April 18, 1996, to the Visiting Nurse Association of Boston. It appears that the information in the Report is correct, and we accept your recommendations.

If you have any questions, please call me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Eileen M. Freitag". The signature is fluid and cursive.

Eileen M. Freitag, President

EMF/nap

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Visiting Nurse Association of Boston  
Greater Boston Home Health Group  
VNAB Management Resources, Inc.  
Care Connection, Inc.  
VNAB Foundation, Inc.



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