



DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF AUDIT SERVICES
233 NORTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60601

REGION V
OFFICE OF
INSPECTOR GENERAL

September 27, 2007

Report Number: A-05-07-00056

Mr. Barry Maram
Director
Illinois Department of Healthcare and Family Services
201 South Grand Avenue East
Springfield, IL 62763

Dear Mr. Maram:

Enclosed is the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), final report entitled "Review of Social Security Act Section 1915(c) Waiver Payments for Home and Community-Based Services at Trinity Services, Inc., July 1, 2004, Through June 30, 2005." We will forward a copy of this report to the HHS action official noted on the following page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to this 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.

Pursuant to the principles of the Freedom of Information Act, 5 U.S.C. § 552, as amended by Public Law 104-231, OIG reports generally are made available to the public to the extent the information is not subject to exemptions in the Act (45 CFR part 5). Accordingly, within 10 business days after the final report is issued, it will be posted on the Internet at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me, or contact Stephen Slamar, Audit Manager, at (312) 353-7905 or through e-mail at Stephen.Slamar@oig.hhs.gov. Please refer to report number A-05-07-00056 in all correspondence.

Sincerely,


Marc Gustafson
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

Jackie Garner
Regional Administrator
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, IL 60601

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF SOCIAL SECURITY
ACT SECTION 1915(C) WAIVER
PAYMENTS FOR HOME AND
COMMUNITY-BASED SERVICES
AT TRINITY SERVICES, INC.,
JULY 1, 2004, THROUGH
JUNE 30, 2005**



Daniel R. Levinson
Inspector General

September, 2007
A-05-07-00056

Office of Inspector General

<http://oig.hhs.gov>

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OAS FINDINGS AND OPINIONS

The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed, as well as other conclusions and recommendations in this report, represent the findings and opinions of the HHS/OIG/OAS. Authorized officials of the HHS divisions will make final determination on these matters.

EXECUTIVE SUMMARY

BACKGROUND

Pursuant to Title XIX of the Social Security Act (the Act), the Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the program. Each State administers its Medicaid program in accordance with a CMS-approved State plan. Although the State has considerable flexibility in designing and operating its Medicaid program, it must comply with Federal requirements.

Section 1915(c) of the Act authorizes the Medicaid Home and Community-Based Services (HCBS) waiver program. A State's HCBS waiver program must be approved by CMS and allows the State to claim Federal reimbursement for services not usually covered by Medicaid. HCBS are generally provided to Medicaid-eligible beneficiaries in a community rather than an institutional setting.

The Illinois Department of Healthcare and Family Services (the State agency) administers the State's HCBS waiver program, which includes a waiver to provide services to adults with developmental disabilities (DD). The State agency contracts with the Illinois Department of Human Services (DHS) to manage the DD waiver program. DHS contracts with providers who offer HCBS to Medicaid-eligible beneficiaries in a community setting. The State agency claimed Federal reimbursement of about \$182 million for HCBS provided under the DD waiver program during State fiscal year (SFY) 2005 (July 1, 2004, through June 30, 2005).

Trinity Services, Inc. (Trinity) received the most reimbursement for HCBS under the Illinois DD waiver during SFY 2005. Trinity provides HCBS to more than 1,400 Medicaid-eligible beneficiaries in suburban Chicago, Illinois. DHS reimbursed Trinity about \$14.4 million (\$7.2 million Federal share) for HCBS provided under the DD waiver program during SFY 2005.

OBJECTIVE

Our objective was to determine whether the State agency's claim for Medicaid reimbursement for HCBS provided by Trinity during SFY 2005 complied with Federal and State requirements.

SUMMARY OF FINDINGS

During SFY 2005, we estimate the State agency claimed \$101,339 (\$50,670 Federal share) for Medicaid reimbursement paid to Trinity for HCBS that did not comply with Federal and State requirements. For 3,799 services claimed in 62 of 100 sampled beneficiary-months, the State agency accurately claimed Medicaid reimbursement for allowable HCBS. However, the State agency claimed Medicaid reimbursement for 78 services in 38 beneficiary-months that were unallowable because Trinity did not provide the services or did not meet documentation requirements. Specifically, the State agency claimed Medicaid reimbursement for:

- 52 services when beneficiaries were not present and did not receive HCBS at Trinity due to their attendance at other medical and dental facilities,
- 17 services when a beneficiary did not receive HCBS from Trinity due to his suspension from the Trinity program,
- 5 services that were not adequately documented by Trinity to show the HCBS were actually provided, and
- 4 services when one beneficiary was not present and did not receive HCBS at Trinity because he was an inpatient at a hospital.

The claims for unallowable services were made because Trinity did not implement adequate internal controls to ensure it documented and claimed reimbursement only for services actually provided.

RECOMMENDATIONS:

We recommend that the State agency:

- refund to the Federal Government the \$50,670 paid to Trinity for unallowable HCBS claimed in SFY 2005, and
- require Trinity to implement internal controls to ensure it documents and claims reimbursement only for HCBS actually provided.

STATE AGENCY'S COMMENTS AND OFFICE OF INSPECTOR GENERAL'S RESPONSE

In written comments on our draft report, the State agency did not address our first recommendation. The State agency stated that Trinity has instituted a quality control review of entries in its computer system and the audit findings will be used to reiterate required policies and improve its administration of the HCBS waiver program.

We continue to recommend a refund of the \$50,670 paid to Trinity for unallowable HCBS claimed in SFY 2005.

The State Agency's comments are included in their entirety as Appendix B.

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INTRODUCTION

BACKGROUND

Medicaid Program

Pursuant to Title XIX of the Social Security Act (the Act), the Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the program. Each State administers its Medicaid program in accordance with a CMS-approved State plan. Although the State has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements. The Illinois Department of Healthcare and Family Services (the State agency) administers the State's Medicaid program in Illinois.

1915(c) Waivers

Section 1915(c) of the Act authorizes the Medicaid Home and Community-Based Services (HCBS) waiver program. A State's HCBS waiver program must be approved by CMS and allows the State to claim Federal reimbursement for services not usually covered by Medicaid. HCBS services are generally provided to Medicaid-eligible beneficiaries in a community rather than an institutional setting. With CMS approval and pursuant to section 1915(c)(4)(B), States determine the services that may be provided under the waiver program including:

. . . case management services, homemaker/home health aide services and personal care services, adult day health services, habilitation services, respite care, and such other services requested by the State as the Secretary may approve and for day treatment or other partial hospitalization services, psychosocial rehabilitation services, and clinic services (whether or not furnished in a facility) for individuals with chronic mental illness.

Illinois Adults With Developmental Disabilities Waiver

The Illinois adults with developmental disabilities (DD) waiver program is one of several section 1915(c) waivers approved by CMS. The DD waiver allows the State agency to provide HCBS to Medicaid-eligible beneficiaries in a community setting as opposed to an institutional setting. The State agency contracts with the Illinois Department of Human Services (DHS) to operate the waiver program on a day-to-day basis. DHS reimbursed providers for claimed HCBS, and subsequently, submitted claims for reimbursement to the State agency. Under the DD waiver program, the State agency claimed Federal reimbursement of about \$182 million during the State fiscal year (SFY) 2005 (July 1, 2004, through June 30, 2005).

Trinity Services, Inc.

Trinity Services, Inc. (Trinity) received the most reimbursement for HCBS under the Illinois DD waiver during SFY 2005. Trinity provides HCBS to more than 1,400 Medicaid-eligible

beneficiaries in suburban Chicago, Illinois. DHS reimbursed Trinity about \$14.4 million (\$7.2 million Federal share) for HCBS provided under the DD waiver program during SFY 2005.

This review of the State agency's claim for reimbursement for HCBS at Trinity is the first in a series of reports regarding Illinois' claims for HCBS.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether the State agency's claim for Medicaid reimbursement for HCBS provided by Trinity during SFY 2005 complied with Federal and State requirements.

Scope

Our review covered the State agency's claims for Medicaid reimbursement of HCBS provided by Trinity under the DD waiver program for SFY 2005. The State agency claimed \$14.4 million (\$7.2 million Federal share) for 155,561 HCBS provided by Trinity under the DD waiver program during 4,039 beneficiary-months¹ for this period. The scope of our audit did not include a medical review or an evaluation of the medical necessity for the services that Trinity provided and claimed reimbursement.

We did not assess the State agency's overall internal controls. We limited our review to gaining an understanding of the State agency's and DHS's controls related to Medicaid claims and payments and to the operation of the DD waiver program. We reviewed Trinity's internal controls for providing, documenting, and claiming reimbursement for HCBS. We did not review the propriety of HCBS payment rates.

We performed fieldwork at the State agency and DHS offices located in Springfield, Illinois, and at Trinity located in Joliet, Illinois, from March through June 2007.

Methodology

To accomplish our objective, we:

- reviewed Federal and State laws, Medicaid HCBS waiver regulations, the Illinois Waiver Manual, and the CMS-approved DD waiver;
- interviewed CMS, State agency, DHS, and Trinity officials regarding HCBS policies, procedures, and documentation requirements;
- reconciled the HCBS claimed for Federal reimbursement on the Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (the CMS-64) by the State agency to its accounting records for the quarters ended March and June of 2005;

¹A beneficiary-month includes all HCBS for a beneficiary for 1 month. The beneficiary-month can include multiple services.

- analyzed the State agency's SFY 2005 HCBS payments to DD service providers and identified Trinity as the provider receiving the most reimbursement;
- selected an unrestricted random sample of 100 beneficiary-months at Trinity from the population of all HCBS claimed and paid under the DD waiver program during SFY 2005 and:
 - reviewed the supporting documentation including individual service plans (ISP), monthly staff notes, attendance reports, clinical notes, and all other medical history notes;
 - verified services were paid accurately based on the individual payment rate sheets provided by the State agency;
 - ensured claimed services were included in the approved ISP;
 - confirmed beneficiary eligibility for services;
 - determined whether services were provided by appropriately qualified staff;
 - identified any services that were not provided or paid in accordance with applicable criteria; and
 - projected the results of our sample review to the universe of beneficiary-months (see Appendix A).

We performed the audit in accordance with generally accepted government auditing standards.

FINDINGS AND RECOMMENDATIONS

During SFY 2005, we estimate the State agency claimed \$101,339 (\$50,670 Federal share) for Medicaid reimbursement paid to Trinity for HCBS that did not comply with Federal and State requirements. For 3,799 services claimed in 62 of 100 sampled beneficiary-months, the State agency accurately claimed Medicaid reimbursement for allowable HCBS. However, the State agency claimed Medicaid reimbursement for 78 services in 38 beneficiary-months that were unallowable because Trinity did not provide the services or meet documentation requirements. Specifically, the State agency claimed Medicaid reimbursement for:

- 52 services when beneficiaries were not present and did not receive HCBS at Trinity due to their attendance at other medical and dental facilities,
- 17 services when a beneficiary did not receive HCBS from Trinity due to his suspension from the Trinity program,

- 5 services that were not adequately documented by Trinity to show the HCBS were actually provided, and
- 4 services when one beneficiary did not receive HCBS from Trinity because he was an inpatient at a hospital.

The claims for unallowable services were made because Trinity did not comply with Federal regulations, the CMS-approved waiver, the Illinois Administrative Code, or the Illinois Waiver Manual. Specifically, Trinity did not implement adequate internal controls to ensure it documented and claimed reimbursement only for services actually provided.

WAIVER REQUIREMENTS

HCBS program requirements are contained in Federal law, a CMS program manual, the CMS-approved DD waiver, Illinois Administrative Code, and the Illinois Waiver Manual.

Federal Law

Federal regulations state that costs must be adequately documented in order to be allowable under Federal awards (2 CFR § 225, Appendix A (C.1.j.)).

Centers for Medicare & Medicaid Services Program Manual

Section 2500.2 of the CMS “State Medicaid Manual,” instructs States to:

Report only expenditures for which all supporting documentation, in readily reviewable form, has been complied and which is immediately available when the claim is filed. Your supporting documentation includes at minimum the following: date of service, name of recipient, Medicaid identification number, name of provider agency and person providing the service, nature, extent, or units of service, and the place of service. (Emphasis in the original.)

CMS-Approved DD Waiver Agreement

The CMS-approved DD waiver agreement with Illinois, on page 5, states that waiver services will not be furnished to individuals who are inpatients of a hospital, nursing facility, or intermediate care facility for mentally retarded or persons with related conditions.

Illinois Administrative Code

Title 59 Illinois Code section 115.320(h)3(E) requires the provider to record and update as necessary information including physical and dental examinations, and medical history in an individual’s record.

Illinois Waiver Manual

The Illinois Waiver Manual, sections 850.00(c) and 1050(c) both require the service provider to submit complete and accurate service reports and claims, and to maintain appropriate documentation (attendance reports, staff logs, etc.) establishing an audit trail for individuals receiving Medicaid HCBS through the waiver.

The Illinois Waiver Manual section 1050.00(b) states that, “. . . Hours when the individual is **not** participating in DT (developmental training) programmatic services are **not** billable.” (Emphasis in the original.)

UNALLOWABLE HOME AND COMMUNITY-BASED SERVICES

Unallowable Payments

During SFY 2005, we estimate that Trinity received at least \$101,339 (\$50,670 Federal share) for Medicaid HCBS claimed during SFY 2005 that did not meet Federal and State requirements. Of the 3,877 services included within the 100 sampled beneficiary-months, 78 services totaling \$4,302 included in 38 beneficiary-months were unallowable because Trinity did not provide the services or meet documentation requirements. Specifically, Trinity claimed:

- 52 services, totaling \$2,842, on the same days that beneficiaries traveled to other medical facilities and received other medical services. Discussions with Trinity staff concluded that the beneficiaries did not receive the claimed HCBS on those days.
- 17 services, totaling \$920, for days when a beneficiary did not receive HCBS from Trinity due to his suspension from the Trinity program.
- 5 services, totaling \$324, that were not adequately documented to show the services were actually provided. Trinity’s documentation did not support its HCBS claims submitted for Medicaid reimbursement.
- 4 services, totaling \$216, for one beneficiary who did not receive HCBS from Trinity while he was an inpatient at a hospital. Trinity’s attendance report and clinical notes document the beneficiary’s hospital stay while Trinity continued to claim reimbursement for the HCBS.

Trinity Internal Controls

Trinity did not implement internal controls to ensure that it complied with Federal and State HCBS requirements. Specifically, Trinity did not implement adequate internal controls to ensure it documented and claimed reimbursement only for services actually provided.

RECOMMENDATIONS:

We recommend that the State agency:

- refund to the Federal Government the \$50,670 paid to Trinity for unallowable HCBS in SFY 2005, and
- require Trinity to implement internal controls to ensure it documents and claims reimbursement only for HCBS actually provided.

STATE AGENCY'S COMMENTS AND OFFICE OF INSPECTOR GENERAL'S RESPONSE

In written comments on our draft report, the State agency did not address our first recommendation. The State agency stated that Trinity has instituted a quality control review of entries in its computer system and the audit findings will be used to reiterate required policies and improve its administration of the HCBS program.

We continue to recommend a refund of the \$50,670 paid to Trinity for unallowable HCBS claimed in SFY 2005.

The State Agency's comments are included in their entirety as Appendix B.

APPENDIXES

SAMPLING METHODOLOGY AND RESULTS

POPULATION

The population consisted of 4,039 beneficiary-months of service for beneficiaries receiving home and community-based services (HCBS) with a Federal Financial Participation (FFP) component at Trinity Services, Inc. (Trinity) during State fiscal year (SFY) 2005 (July 1, 2004, through June 30, 2005). A beneficiary-month was defined as all HCBS for one beneficiary for 1 month. Trinity received about \$14.4 million (\$7.2 million Federal share) for 155,561 HCBS claimed during SFY 2005.

SAMPLE UNIT

The sampling unit was a beneficiary-month for which a HCBS with a FFP component was provided by Trinity and claimed for Medicaid reimbursement during SFY 2005.

SAMPLE DESIGN

From the 4,039 beneficiary-months, we selected an unrestricted random sample of 100 beneficiary-months, which included 3,877 HCBS totaling \$350,146 (Federal share \$175,073).

ESTIMATION METHODOLOGY

We used the Office of Audit Services RAT-STATS variable appraisal program to project the amount the State agency claimed for HCBS that did not comply with Federal and State requirements.

SAMPLE RESULTS AND PROJECTION

Of the 100 sampled beneficiary-months, 38 beneficiary-months included unallowable HCBS totaling \$4,302 (Federal share \$2,151). Using the lower limit of the 90-percent confidence interval, we estimate that the State agency claimed \$50,670 in Federal reimbursement during our audit period for HCBS that did not comply with Federal and State requirements.

Estimate of Unallowable HCBS at the 90-percent Confidence Level		
	Total Unallowable	Federal Share
Point Estimate	\$173,785	\$86,893
Lower Limit	\$101,339	\$50,670
Upper Limit	\$246,230	\$123,115
Precision Amount	\$72,445	\$36,223
Precision Percent	41.69 %	41.69 %



Rod R. Blagojevich, Governor
Barry S. Maram, Director

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Department of Health and Human Services
Office of Audit Services
Attn: Marc Gustafson, Regional Inspector General for Audit Services
233 North Michigan Avenue, Suite 1360
Chicago, Illinois 60601-5502

Re: Draft Audit Report No. A-05-07-00056

Dear Mr. Gustafson:

Thank you for providing an opportunity to comment on your draft audit report entitled "Review of Social Security Act Section 1915(c) HCBS Waiver Services at Trinity Services, Inc., July 1, 2004, Through June 30, 2005." We appreciate the work performed by the Office of Inspector General auditors, especially the opportunity to meet and review with the auditors the individual findings.

We are pleased with the overall outcome of the audit, specifically the positive comments regarding documentation in the residential program—the largest program. We believe the issues identified regarding the day program documentation occur infrequently; however, we do recognize the potential concerns the audit raised.

In January of 2006, as a result of a statewide post payment review of day program billings by the agency administering the waiver—the Department of Human Services (DHS)—issued "Day Program Billing and Audit Trail Guidance" to all participating waiver providers. The providers were informed about common errors and instructed how to document day program attendance properly. In light of the findings you have identified, this department and DHS plan to reissue the day program guidance to all day program providers.

Effective July 1, 2007, Trinity Services adopted the DHS attendance form for all of its day services sites. Trinity has adjusted the form to fit their operational needs and is making it available on their internal intranet to ease record keeping for staff. Trinity has also instituted a quality review check of entries into the computer system.

Since the close of the fiscal year under review, HFS has increased the number and types of oversight activities undertaken annually. In addition, we will use your findings to reiterate required policies and improve our administration of this program.

Sincerely,

A handwritten signature in cursive that reads "Barry S. Maram" with a small "kay" written below the name.

Barry S. Maram
Director

cc: Carol Adams, Secretary of Human Services