

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**MASSACHUSETTS MEDICAID  
PAYMENTS TO WEYMOUTH HEALTH  
CARE CENTER DID NOT ALWAYS  
COMPLY WITH FEDERAL AND STATE  
REQUIREMENTS**

*Inquiries about this report may be addressed to the Office of Public Affairs at  
[Public.Affairs@oig.hhs.gov](mailto:Public.Affairs@oig.hhs.gov).*



**Michael J. Armstrong**  
Regional Inspector General

January 2013  
A-01-12-00016

# ***Office of Inspector General***

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## **OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS**

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## **EXECUTIVE SUMMARY**

### **BACKGROUND**

The Massachusetts Executive Office of Health and Human Services, Office of Medicaid (State agency), is responsible for administering MassHealth, the Massachusetts Medicaid program, in compliance with Federal and State statutes and administrative policies. The State agency reimburses nursing homes based on an established per diem rate for services provided to Medicaid beneficiaries. Pursuant to Medicaid requirements, the State agency must use certain additional resources that a beneficiary has, including Social Security payments, to reduce Medicaid payments to nursing homes. The State agency determines the amount of the beneficiary's contribution during the financial eligibility process and enters this amount into its computer system. The beneficiary's contribution is remitted to the nursing home each month.

When the State agency reimburses the nursing home and does not reduce the Medicaid per diem payment to the nursing home by the amount of the beneficiary's contribution, the nursing home could receive overpayments. Pursuant to Medicaid requirements, the nursing home must return any overpayments to the State Medicaid program, which in turn is required to refund the Federal share to the Centers for Medicare & Medicaid Services on its Form CMS-64, Quarterly Statement of Expenditures for the Medical Assistance Program.

Weymouth Health Care Center (Weymouth) is a Massachusetts certified Medicare and Medicaid nursing home located in Weymouth, Massachusetts.

### **OBJECTIVE**

Our objective was to determine whether the State agency made Medicaid payments to Weymouth in accordance with Federal and State requirements from January 2010 through April 2012.

### **SUMMARY OF FINDING**

Massachusetts Medicaid payments to Weymouth did not always comply with Federal and State requirements. The State agency did not always adjust its Medicaid per diem payments to Weymouth by the amount of beneficiaries' cost-of-care contributions from resources, such as Social Security and pensions. As a result, the State agency's Federal claim was overstated by a total of \$87,983 (\$48,151 Federal share). We attributed the incorrect Medicaid payments to clerical and billing errors.

### **RECOMMENDATIONS**

We recommend that the State agency:

- collect overpayments totaling \$87,983 from Weymouth and refund the Federal share of \$48,151 and

- continue its efforts to ensure that Medicaid overpayments to nursing homes are identified, collected, and refunded.

### **WEYMOUTH HEALTH CARE CENTER COMMENTS**

In written comments on our draft report, Weymouth agreed with our finding. Weymouth's comments are included in their entirety as Appendix B.

### **STATE AGENCY COMMENTS**

In written comments on our draft report, the State agency agreed with our finding. The State agency's comments are included in their entirety as Appendix C.

## TABLE OF CONTENTS

	<u>Page</u>
<b>INTRODUCTION</b> .....	1
BACKGROUND .....	1
OBJECTIVE, SCOPE, AND METHODOLOGY .....	1
Objective .....	1
Scope.....	1
Methodology .....	2
<b>FINDING AND RECOMMENDATIONS</b> .....	2
FEDERAL AND STATE MEDICAID REQUIREMENTS.....	2
UNADJUSTED NURSING HOME PAYMENTS .....	3
AMOUNT OWED TO THE FEDERAL GOVERNMENT .....	3
CAUSE OF UNREPORTED OVERPAYMENTS .....	3
RECOMMENDATIONS .....	3
WEYMOUTH HEALTH CARE COMMENTS .....	3
STATE AGENCY COMMENTS.....	4
<b>APPENDIX</b>	
A. MEDICAID OVERPAYMENTS TO WEYMOUTH HEALTH CARE CENTER BY CALENDAR YEAR	
B. WEYMOUTH HEALTH CARE CENTER COMMENTS	
C. STATE AGENCY COMMENTS	

## **INTRODUCTION**

### **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. The Massachusetts Executive Office of Health and Human Services, Office of Medicaid (State agency), is responsible for administering MassHealth, the Massachusetts Medicaid program, in compliance with Federal and State statutes and administrative policies.

The State agency reimburses nursing homes based on an established per diem rate for services provided to Medicaid beneficiaries. Pursuant to Medicaid requirements, the State agency must use certain additional resources that a beneficiary has, including Social Security payments, to reduce its Medicaid payments to nursing homes. The State agency determines the amount of the beneficiary's contribution to the cost of care during the financial eligibility process and enters this amount into its computer system. The beneficiary's cost-of-care contribution is remitted to the nursing home each month.

When the State agency does not reduce the Medicaid per diem payment to the nursing home by the amount of the beneficiary's contribution, the nursing home could receive overpayments. Pursuant to Medicaid requirements, the nursing home must return the overpayments to the State Medicaid program, which in turn is required to refund the Federal share to CMS on its Form CMS-64, Quarterly Statement of Expenditures for the Medical Assistance Program.

Weymouth Health Care Center (Weymouth) is a Massachusetts certified Medicare and Medicaid nursing home located in Weymouth, Massachusetts.

### **OBJECTIVE, SCOPE, AND METHODOLOGY**

#### **Objective**

Our objective was to determine whether the State agency made Medicaid payments to Weymouth in accordance with Federal and State requirements from January 2010 through April 2012.

#### **Scope**

For the period January 2010 through April 2012, we reviewed Medicaid accounts that were at risk for having overpayments. We limited our review of internal controls to obtaining an understanding of Weymouth's procedures for reviewing accounts and reporting overpayments to the Medicaid program.

We performed fieldwork from August through October 2012 at Weymouth in Weymouth, Massachusetts; the State agency in Boston, Massachusetts; and the CMS Regional Office in Boston, Massachusetts.

## **Methodology**

To accomplish our objective, we:

- reviewed State and Federal regulations pertaining to overpayments,
- worked with Weymouth officials to identify credit balances in the accounting records that were potentially overpayments,
- reviewed patient accounts to determine whether overpayments had occurred,
- determined the cause of the overpayments, and
- coordinated our audit with officials from the State agency.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective.

## **FINDING AND RECOMMENDATIONS**

Massachusetts Medicaid payments to Weymouth did not always comply with Federal and State requirements. The State agency did not always adjust its Medicaid per diem payments to Weymouth by the amount of beneficiaries' cost-of-care contributions from resources, such as Social Security and pensions. As a result, the State agency's Federal claim was overstated by a total of \$87,983 (\$48,151 Federal share). We attributed the incorrect Medicaid payments to clerical and billing errors.

### **FEDERAL AND STATE MEDICAID REQUIREMENTS**

Pursuant to 42 CFR § 435, the State agency must reduce its payment to an institution for services provided to a Medicaid-eligible individual by the amount that remains after adjusting the individual's total income for a personal needs allowance and other considerations that the regulation specifies. MassHealth regulations at 450.316 note that all resources available to a member, including but not limited to health and casualty insurance, must be coordinated and applied to the cost of medical services provided by MassHealth.

## **UNADJUSTED NURSING HOME PAYMENTS**

The State agency made 94 overpayments to Weymouth from January 2010 through April 2012 (see Appendix A). Specifically, the State agency did not adjust its Medicaid payments to Weymouth by the amount of beneficiaries' cost-of-care contributions from resources, such as Social Security and pensions.

### **An Example of a Medicaid Overpayment for One Beneficiary**

Mr. B was a patient at Weymouth during May 2011. Based on his other resources, the State agency calculated Mr. B's cost-of-care contribution to be \$1,300 a month. The State agency determined that the nursing home was entitled to a monthly payment of \$6,200. Because of Mr. B's \$1,300 cost-of-care contribution, the State agency was responsible for only \$4,900 of the \$6,200 nursing home costs. However, the nursing home received a total of \$7,500 (\$6,200 from the State agency and \$1,300 from Mr. B), because the State agency's computer system did not adjust the payment amount to take into consideration Mr. B's cost-of-care contribution. Thus, the nursing home received an overpayment of \$1,300 (\$7,500 minus \$6,200) for Mr. B's care for the month of May.

## **AMOUNT OWED TO THE FEDERAL GOVERNMENT**

As a result of the overpayments, the State agency's Federal claim for Medicaid payments made to Weymouth for the period January 2010 through April 2012 was overstated by a total of \$87,983 (\$48,151 Federal share).

## **CAUSE OF UNREPORTED OVERPAYMENTS**

We attributed the 94 incorrectly reimbursed Medicaid payments to clerical and billing errors. State agency officials informed us that they have recently implemented a new computer system that will reduce future clerical and billing errors.

## **RECOMMENDATIONS**

We recommend that the State agency:

- collect overpayments totaling \$87,983 from Weymouth and refund the Federal share of \$48,151 and
- continue its efforts to ensure that Medicaid overpayments to nursing homes are identified, collected, and refunded.

## **WEYMOUTH HEALTH CARE CENTER COMMENTS**

In written comments on our draft report, Weymouth agreed with our finding. Weymouth's comments are included in their entirety as Appendix B.

## **STATE AGENCY COMMENTS**

In written comments on our draft report, the State agency agreed with our finding. The State agency's comments are included in their entirety as Appendix C.

# **APPENDIXES**

**APPENDIX A: MEDICAID OVERPAYMENTS TO WEYMOUTH HEALTH CARE  
CENTER BY CALENDAR YEAR**

<b>Calendar Year</b>	<b>Number of Overpayments</b>	<b>Total Overpayments</b>
2010	26	16,604
2011	46	49,032
2012	22	22,347
<b>TOTAL</b>	<b>94</b>	<b>\$87,983</b>

APPENDIX B: WEYMOUTH HEALTH CARE CENTER COMMENTS

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Weymouth, MA 02189



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November 27, 2012

Report Number: A-01-1200016

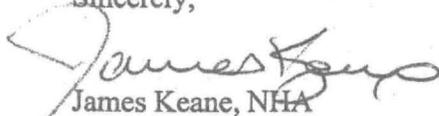
Michael J. Armstrong  
Regional Inspector General for Audit Services  
Office of Inspector General  
Office of Audit Services, Region I  
JFK Federal Building  
15 New Sudbury, Room 2425  
Boston, MA 02203

Dear Mr. Armstrong;

We are in agreement with your findings related to the \$87,983 in total overpayments for a calendar 2008-2012.

Thank you.

Sincerely,

  
James Keane, NHA  
Administrator

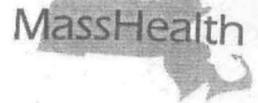
APPENDIX C: STATE AGENCY COMMENTS



DEVAL L. PATRICK  
Governor

TIMOTHY P. MURRAY  
Lieutenant Governor

The Commonwealth of Massachusetts  
Executive Office of Health and Human Services  
Office of Medicaid  
One Ashburton Place  
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JUDYANN BIGBY, M.D.  
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Medicaid Director

December 21, 2012

Michael J. Armstrong  
Regional Inspector General, Audit Services  
HHS/OIG/OAS  
Region I  
JFK Federal Building  
Boston, MA 02203

RE: Audit Report No: A-01-12-00016

Dear Mr. Armstrong:

Thank you for the opportunity to review and comment on Draft Audit Report No: A-01-12-00016 "Massachusetts Medicaid Payments to Weymouth Health Care Center Did Not Always Comply with Federal and State Requirements".

Our responses to the report's specific recommendations are as follows:

**Recommendation:**

- 1) Collect overpayments totaling \$87,983 from Weymouth and refund \$48,151, the Federal share of these payments, to CMS on the next quarterly CMS-64.

**Response:** We are in agreement with this finding and will follow the procedures described in state Medicaid regulations at 130 CMR 450.237 to collect the overpayments from the provider. Under 130 CMR 450.237, the provider has a due process right to contest the overpayment, including the right to request an adjudicatory hearing and judicial review.

MassHealth will need the OIGs working papers identifying the specific claims in order to undertake collection of the overpayments, notify Weymouth and if required, defend the overpayment amounts should Weymouth contest the overpayment notice. If Weymouth does not contest the overpayment collection or does not prevail in contesting this overpayment, MassHealth will ensure that the EOHHS' Federal Revenue Unit will return the Federal share on the appropriate CMS-64.

**Recommendation:**

- 2) Continue agency efforts to ensure that Medicaid overpayments to nursing homes continue to be identified, collected and refunded.

**Response:** MassHealth is in agreement with this recommendation and will ensure that periodic reviews and audits continue to be conducted to identify, collect and refund overpayments.

Sincerely,

Julian Harris, M.D, M.B.A., M.Sc.  
Medicaid Director