

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**PSYCHIATRIC OUTPATIENT SERVICES:
THE ARBOUR-HRI HOSPITAL**



JUNE GIBBS BROWN
Inspector General

MARCH 1998
A-01-97-00526



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CIN:A-01-97-00526

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

Mr. Roy Ettlinger
Chief Executive Officer
Arbour-HRI Hospital
227 Babcock Street
Brookline, Massachusetts 02146

Dear Mr. Ettlinger:

This report provides you with the results of our review of outpatient psychiatric services provided by the Arbour-HRI Hospital (Hospital) during Calendar Year (CY) 1996. The objective of our review was to determine whether psychiatric services rendered on an outpatient basis were billed for and reimbursed in accordance with Medicare regulations.

Medicare regulations require that each medical record contain sufficient documentation to justify the treatment provided.

In Fiscal Year (FY) 1996 the Hospital submitted for reimbursement about \$7.9 million in charges for outpatient psychiatric services. To determine whether controls were in place regarding outpatient charges, we reviewed the medical and billing records for five beneficiaries, selected judgmentally, whose outpatient psychiatric charges totaled \$100,185. Our analysis showed that \$7,245 or about 7 percent of these charges were not supported by the medical records. Specifically, there was no evidence that the beneficiary attended the number of group or individual therapy sessions that was indicated on the bill submitted to Medicare. As a result, charges on the Medicare cost report are overstated.

7 percent of services reviewed were not supported by the medical records

We recommend that the Hospital continue to strengthen its procedures to ensure that outpatient psychiatric services are rendered and supported in the medical records. We will also provide the results of our review to Mutual of Omaha (the Fiscal Intermediary) so that it can apply the appropriate adjustment to the Hospital's FY 1996 cost report.

In its response the Hospital concurred with our recommendation.

INTRODUCTION

BACKGROUND

Title 42 Code of Federal Regulation, §482.24(c) states that "The medical record must contain information to justify admission and continued hospitalization, support the diagnosis, and describe the patient's progress and response to medications and services."

The Hospital, a 68 bed psychiatric facility, reported \$7,860,206 in total outpatient psychiatric services in the FY 1996 cost report.

OBJECTIVES, SCOPE AND METHODOLOGY

Our review was made in accordance with generally accepted government auditing standards. The objective of our review was to determine whether outpatient psychiatric services were billed for and reimbursed in accordance with Medicare regulations. Our review included services provided during CY 1996.

We limited consideration of the internal control structure to those controls concerning claims submission because the objective of our review did not require an understanding or assessment of the complete internal control structure at the Hospital.

To accomplish our objective, we:

- ☞ reviewed criteria related to outpatient psychiatric services,
- ☞ judgmentally selected five beneficiaries who received outpatient psychiatric services totaling \$100,185 from the Hospital,
- ☞ obtained and reviewed the medical records supporting the outpatient psychiatric services provided to the five beneficiaries and
- ☞ interviewed appropriate Hospital staff concerning internal controls over Medicare claims submission.

Our field work was performed in October and November, 1997 at the Hospital.

The Hospital's response to the draft report is appended to this report (see Appendix) and is addressed on page 3.

FINDINGS AND RECOMMENDATIONS

Services Not Supported By Medical Records

The results of our review indicated a weakness in the Hospital's system of internal controls regarding claims documentation and claims submission. We determined that of the \$100,185 in outpatient psychiatric services reviewed, \$7,245 or about 7 percent were not supported by the medical records. Medicare regulations require that providers maintain records sufficient to justify the treatment provided.

Title 42 Code of Federal Regulation, §485.60(a) states, "The medical record must contain information to justify admission and continued hospitalization, support the diagnosis, and describe the patient's progress and response to medications and services."

In FY 1996 the Hospital submitted for reimbursement about \$7.9 million in charges for outpatient psychiatric services. We reviewed the medical and billing records for five beneficiaries, selected judgmentally, whose outpatient psychiatric charges totaled \$100,185 to determine whether these charges were billed for in accordance with Medicare regulations. Our analysis showed that \$7,245 or about 7 percent of these charges were not supported by the medical records. In most of the instances there was no evidence that the beneficiary attended the number of group or individual therapy sessions that was indicated on the bill submitted to Medicare. For example, we reviewed several instances in which the Hospital submitted claims for five group therapy sessions on a specific day for a certain Medicare beneficiary. The medical record, however, only supported four group therapy sessions on that day for that beneficiary.

While we were able to quantify the charges for the undocumented services we reviewed, the exact effect of these services on Medicare reimbursement cannot be determined until the Hospital's FY 1996 cost report is settled.

The results of our review indicated a weakness in the Hospital's system of internal controls regarding claims documentation and claims submission. During the course of our audit, we noted that the Hospital had not established procedures to insure that outpatient psychiatric services were supported in the medical records. However, we also noted that the Hospital began to strengthen its internal controls over claims submission since the claims we reviewed were submitted to Medicare.

Recommendations

We are therefore recommending that the Hospital continue to strengthen its procedures to ensure that outpatient psychiatric services are rendered and supported in the medical records. We will also provide the results of our review to the Fiscal Intermediary so that it can apply the appropriate adjustment to the Hospital's FY 1996 cost report.

Auditee Comments

The Hospital officials concur with our recommendation in response to our draft report. Specifically, the Hospital agreed to the adjustment of its FY 1996 cost report and strengthening its procedures to ensure that outpatient psychiatric services are rendered and supported in the medical record.

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 U.S. Department of Health

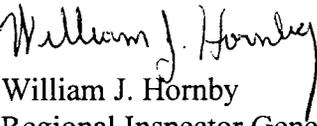
Page 4 - Mr. Roy Ettliger

and Human Services' (DHHS) 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 DHHS chooses to exercise. (See 45 CFR Part 5).

Final determination as to actions taken on all matters reported will be made by the DHHS Action Official named below. We request that you respond to the DHHS 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.

Please refer to Common Identification Number A-01-97-00526 in all correspondence relating to this report.

Sincerely,


William J. Hornby
Regional Inspector General
for Audit Services

Direct reply to DHHS Action Official:
Joseph Tilghman, Regional Administrator, Region VII
Health Care Financing Administration

APPENDIX



ARBOUR-HRI
HOSPITAL
A Division Of Arbour Health System

March 3, 1998

William J. Hornby
Regional Inspector General
for Audit Services
Office of Inspector General
John F. Kennedy Federal Building
Boston, MA 02203

Dear Mr. Hornby:

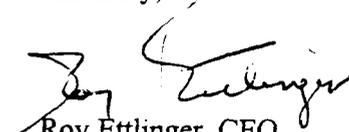
This letter is in response to your draft report of February 9, 1998, regarding the results of your review of outpatient services provided by Arbour-HRI Hospital during the calendar year 1996. We will not oppose the reduction of our FY 1996 reimbursement by \$7,245. At your summation meeting with the staff, you stated that the selection of five records did not represent an adequate sample to generalize the findings.

Our internal audits indicate that we are in compliance with Title 42 Code of Federal Regulations, 482.24 (C), nevertheless, you are correct in finding that there are a small number of instances in which a progress note was not written for all of the therapy sessions given on a particular day for the charts you reviewed. There were also a comparable number of therapy sessions documented in the chart for which there was no charge submitted. These were clerical oversights that have since been corrected.

Prior to notification of the audit, the hospital identified a weakness in its clinical record documentation systems. A computerized clinical record system has been implemented which enables documentation to be entered on-line by the treating clinicians. Also, a new billing tally system was implemented which requires a clinician to attest that all services shown on the billing tally form have corresponding medical record documentation.

Thank you for allowing us the opportunity to comment on your findings. We look forward to receiving the final report.

Sincerely,



Roy Ettlinger, CEO
Arbour Health System

cc: Bruce Gilbert
Tom Bender
Dorothy Sweeney
Joanne Sauro