



DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

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

July 18, 2011

Report Number: A-01-11-00003

JudyAnn Bigby, M.D.
Secretary
Executive Office of Health and Human Services
One Ashburton Place, 11th Floor
Boston, MA 02108

Dear Dr. Bigby:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled *Review of Medicaid Payments to Senior Solutions Healthcare Management and Consulting, LLC for State Fiscal Years 2007 Through 2010*. 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.

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me, or contact Curtis Roy, Audit Manager, at (617) 565-9281 or through email at Curtis.Roy@oig.hhs.gov. Please refer to report number A-01-11-00003 in all correspondence.

Sincerely,

/Michael J. Armstrong/
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

Jackie Garner
Consortium Administrator
Consortium for Medicaid and Children's Health Operations
Centers for Medicare & Medicaid Services
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Department of Health & Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF MEDICAID PAYMENTS
TO SENIOR SOLUTIONS
HEALTHCARE MANAGEMENT
AND CONSULTING, LLC
FOR STATE FISCAL YEARS 2007
THROUGH 2010**



Daniel R. Levinson
Inspector General

July 2011
A-01-11-00003

Office of Inspector General

<http://oig.hhs.gov>

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OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

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

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 its 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 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.

Senior Solutions Healthcare Management and Consulting, LLC (Senior Solutions) is a Massachusetts provider with five Medicare and Medicaid certified nursing homes located in Framingham, Hyde Park, Norwood, Milton, and Fall River, Massachusetts. The nursing homes are Kathleen Daniel, Parkwell, Charlwell, Milton, and Kimwell.

OBJECTIVE

Our objective was to determine whether the State agency made Medicaid payments to Senior Solutions in accordance with Federal and State requirements from July 2006 through June 2010.

SUMMARY OF FINDING

The State agency generally made Medicaid payments to Senior Solutions in accordance with Federal and State requirements. However, the State agency did not always adjust its Medicaid per diem payments to Senior Solutions 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 \$45,723 (\$24,172 Federal share). We attributed the incorrect Medicaid payments to clerical and billing errors.

RECOMMENDATIONS

We recommend that the State agency:

- collect overpayments totaling \$45,723 from Senior Solutions and refund the Federal share of \$24,172 and
- continue its efforts to ensure Medicaid overpayments to nursing homes are identified, collected, and refunded.

SENIOR SOLUTIONS COMMENTS

In its written comments to our draft report, Senior Solutions agreed with our finding. Senior Solutions' comments are included in their entirety as Appendix B.

STATE AGENCY COMMENTS

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

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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 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 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.

Senior Solutions Healthcare Management and Consulting, LLC (Senior Solutions) is a Massachusetts provider with five Medicare and Medicaid certified nursing homes located in Framingham, Hyde Park, Norwood, Milton, and Fall River, Massachusetts. The nursing homes are Kathleen Daniel, Parkwell, Charlwell, Milton, and Kimwell.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether the State agency made Medicaid payments to Senior Solutions in accordance with Federal and State requirements from July 2006 through June 2010.

Scope

For the period July 1, 2006, through June 30, 2010, we reviewed Medicaid accounts that were at risk for having overpayments. We limited our review of internal controls to obtaining an

understanding of Senior Solutions' procedures for reviewing accounts and reporting overpayments to the Medicaid program.

We performed fieldwork from January through March 2011 at Senior Solutions in Framingham, Hyde Park, Norwood, Milton, and Fall River, 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 Senior Solutions officials to identify credit balances in the accounting records that were potentially overpayments,
- reviewed Medicaid remittance advices and patient accounts to determine whether overpayments had occurred,
- determined the cause of 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

The State agency generally made Medicaid payments to Senior Solutions in accordance with Federal and State requirements. However, the State agency did not always adjust its Medicaid per diem payments to Senior Solutions 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 \$45,723 (\$24,172 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 made 150 overpayments to 5 Senior Solutions nursing homes on behalf of an average of 3 Medicaid beneficiaries each month from July 2006 through June 2010 (see Appendix A). Specifically, the State agency did not adjust its Medicaid payments to Senior Solutions by the amount of beneficiaries' cost-of-care contributions.

An Example of Medicaid Overpayment

Mr. C was a nursing home patient during June 2009. Based on his other resources, the State agency calculated Mr. C's cost-of-care contribution to be \$750 a month. The State agency determined that the nursing home was entitled to a monthly payment of \$5,500. Because of Mr. C's \$750 cost-of-care contribution, the State agency was responsible for only \$4,750 of the \$5,500 payment. However, the nursing home received a total of \$6,250 (\$5,500 from the State agency and \$750 from Mr. C). This error occurred because the State agency's computer system did not adjust the payment amount by Mr. C's cost-of-care contribution. The nursing home, therefore, received an overpayment of \$750 (\$6,250 minus \$5,500) for Mr. C's care for the month of June.

AMOUNT OWED TO THE FEDERAL GOVERNMENT

As a result of these overpayments, the State agency's Federal claim for Medicaid payments made to Senior Solutions from July 2006 through June 2010 was overstated by a total of \$45,723 (\$24,172 Federal share).

CAUSE OF UNREPORTED OVERPAYMENTS

We attributed the 150 incorrectly reimbursed Medicaid payments to clerical and billing errors. Massachusetts officials said 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 \$45,723 from Senior Solutions and refund the Federal share of \$24,172 and
- continue its efforts to ensure that Medicaid overpayments to nursing homes are identified, collected, and refunded.

SENIOR SOLUTIONS COMMENTS

In its written comments to our draft report, Senior Solutions agreed with our finding. Senior Solutions' comments are included in their entirety as Appendix B.

STATE AGENCY COMMENTS

In its written comments to 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 SENIOR
SOLUTIONS HEALTHCARE MANAGEMENT AND CONSULTING, LLC
BY STATE FISCAL YEAR**

Fiscal Year	Average Number of Beneficiaries with Overpayments per Month	Number of Overpayments	Total Overpayments
2007	5	58	\$ 12,941
2008	4	49	14,662
2009	4	42	17,244
2010	≤1	1	876
TOTAL	3¹	150	\$45,723

¹ Result of averaging round numbers.

APPENDIX B: SENIOR SOLUTIONS HEALTHCARE MANAGEMENT COMMENTS



SENIOR SOLUTIONS
Healthcare Management and Consulting, LLC

April 21, 2011

Michael J Armstrong
Regional Inspector General for Audit Services
Department of Health & Human Services
Office of Inspector General
Office of Audit Services
Region I
John F. Kennedy Federal Building
Boston, MA 02203

RE: Report Number: A-01-11-00003

Dear Mr. Armstrong,

I have received and reviewed the draft report entitled *Review of Medicaid Payments to Senior Solutions Healthcare Management for State Fiscal Years 2007 through 2010*. I am in agreement with the total overpayment of \$45,723 for our 5 facilities noted in the report.

During the audit there were 3 classifications of issues which resulted in the overpayments.

- 1) Bed hold days paid at full MMQ rate instead of reduced bed hold rate.
- 2) Patient paid amounts collected for resident while on a Medicare Part A stay.
- 3) Medicare Part B coinsurance overpaid during the transition from total coinsurance payment indicated from the Medicare remittance advice to line item coinsurance payments based on individual services provided.

As I discussed with your auditor there were state processing issues that caused these overpayments and additional state barriers we encountered in attempting to return them.

I appreciate your assistance in helping us to return these older overpayments to the state. I feel that with the state implementation of the new MMIS system in May of 2009 that many of the processing issues have been resolved.

If you have any questions or need additional information please feel free to contact me at 978-869-5057.

Sincerely,

Jennifer G Cook
VP of Business Office Services
Senior Solutions Healthcare Management

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
Boston, MA 02108

MassHealth

JUDYANN BIGBY, M.D.
Secretary

TERENCE G. DOUGHERTY
Medicaid Director

June 27, 2011

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

RE: Audit Report No: A-01-11-00003

Dear Mr. Armstrong,

Thank you for the opportunity to review and comment on Draft Audit Report No.: A-01-11- 00003
Review of Medicaid Payments to Senior Solutions Healthcare Management and Consulting, LLC for
State Fiscal Years 2007. – 2010.

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

Recommendation:

- 1) Collect overpayments totaling \$ 45,723 from Senior Solutions and refund \$ 24,172 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. We will need the OIGs work papers identifying the specific claims in order to undertake collection of the overpayments and to defend any challenge to collection by the provider. If the provider does not contest the overpayment collection or does not prevail in contesting this overpayment, we will work with EOHHS' Federal Revenue Unit to return the Federal share on the appropriate CMS-64.

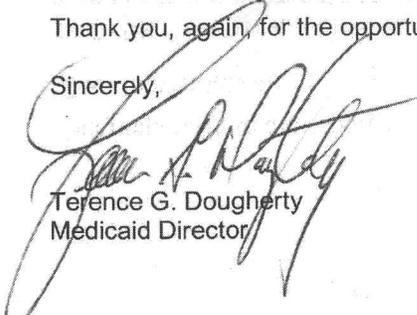
Recommendation:

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

Response: We are in agreement with this finding and will ensure that periodic reviews and audits are conducted to identify, collect and refund overpayments.

Thank you, again, for the opportunity to respond to the draft report.

Sincerely,


Terence G. Dougherty
Medicaid Director