



October 29, 2009

Report Number: A-04-09-06012

Elizabeth A. Johnson, Commissioner  
CHFS Department for Medicaid Services  
275 East Main Street, 6W-A  
Frankfort, Kentucky 40621

Dear Ms. Johnson:

Enclosed is the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), final report entitled "Audit of Gentiva Medicaid Home Health Agency Claims in Kentucky." We will forward a copy of this report to the HHS action official noted below.

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 direct them to the HHS action official. Please refer to report number A-04-09-06012 in all correspondence.

Sincerely,

/Peter J. Barbera/  
Regional Inspector General  
for Audit Services

Enclosure

**HHS Action Official:**

Ms. Jackie Garner  
Consortium Administrator  
Consortium for Medicaid and Children's Health Operations  
Centers for Medicare & Medicaid Services  
233 North Michigan Avenue, Suite 600  
Chicago, Illinois 60601

cc:

Jeannie Cundiff  
Area Director  
Gentiva Health Services, Inc  
710 Executive Park  
Louisville, Kentucky 40207

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**AUDIT OF GENTIVA MEDICAID  
HOME HEALTH AGENCY CLAIMS  
IN KENTUCKY**



Daniel R. Levinson  
Inspector General

October 2009  
A-04-09-06012

# *Office of Inspector General*

<http://oig.hhs.gov>

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The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

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The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

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The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support for OIG's internal operations. OCIG represents OIG in all civil and administrative fraud and abuse cases involving HHS programs, including False Claims Act, program exclusion, and civil monetary penalty cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements. OCIG renders advisory opinions, issues compliance program guidance, publishes fraud alerts, and provides other guidance to the health care industry concerning the anti-kickback statute and other OIG enforcement authorities.

# *Notices*

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**THIS REPORT IS AVAILABLE TO THE PUBLIC**  
at <http://oig.hhs.gov>

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.

## **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**

Pursuant to Title XIX of the Social Security 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.

To be eligible for Federal financial participation under the Medicaid program, each state must submit an acceptable plan, herein referred to as the State Plan, to CMS. The State Plan specifies the amount, duration, and scope of all medical and remedial care services offered to Medicaid recipients, and becomes the basis of operation for the Medicaid program in the State. CMS has the responsibility for monitoring the activities of the State agency in implementing the Medicaid program under the State Plan.

The Kentucky Medicaid Program is administered by the Cabinet for Human Resources, Department for Medicaid Services. Kentucky State regulations in the Home Health Services Manual state that a beneficiary does not need to be homebound to be eligible to receive home health services, nor shall eligibility to receive services be limited to recipients requiring nursing or therapy services.

During our audit period (calendar year 2007), Gentiva Health Services Inc. (Gentiva) had the highest amount of paid Medicaid Home Health Agency (HHA) claims in Kentucky. Gentiva had 25,597 claims totaling \$5.15 million for claims with dates of service during this period.

### **OBJECTIVE**

Our objective was to determine whether Medicaid payments that the Kentucky Department for Medicaid Services made to Gentiva for HHA services were in accordance with the State's Medicaid requirements.

### **SUMMARY OF RESULT**

Medicaid payments that the Kentucky Department for Medicaid Services made to Gentiva for HHA services for all the sampled claims were in accordance with the State's Medicaid requirements. Therefore, we are making no recommendations to Gentiva Health Services, Inc.

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## **INTRODUCTION**

### **BACKGROUND**

Pursuant to Title XIX of the Social Security 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.

To be eligible for Federal financial participation under the Medicaid program, each state must submit an acceptable plan, herein referred to as the State Plan, to CMS. The State Plan specifies the amount, duration, and scope of all medical and remedial care services offered to Medicaid recipients, and becomes the basis of operation for the Medicaid program in the State. CMS has the responsibility for monitoring the activities of the State agency in implementing the Medicaid program under the State Plan.

The Kentucky Medicaid Program is administered by the Cabinet for Human Resources, Department for Medicaid Services.

#### **Kentucky Home Health Agencies**

Kentucky State regulations in the Home Health Services Manual state that a beneficiary does not need to be homebound to be eligible to receive home health services, nor shall eligibility to receive services be limited to recipients requiring nursing or therapy services. Medicaid guidance also requires Home Health Agency (HHAs) to maintain clinical records on all patients. The clinical records must contain written plans of care that are reviewed and signed at least every 60 days by a physician.

#### **Gentiva Home Health Agencies, Inc.**

During calendar year (CY) 2007, Gentiva Health Services Inc. (Gentiva) had the highest amount of paid Medicaid claims in Kentucky. Gentiva had 25,597 claims totaling \$5.15 million for claims with dates of service during this period.

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

#### **Objective**

Our objective was to determine whether Medicaid payments that the Kentucky Department for Medicaid Services made to Gentiva for HHA services were in accordance with the State's Medicaid requirements.

## **Scope**

We selected and reviewed a random sample of 100 paid HHA Medicaid claims reimbursed to Gentiva with service dates in CY 2007. (See the Appendix.) We did not assess the State's overall internal controls for administering Medicaid Home Health Services. Rather, we limited our review to gaining an understanding of those significant controls related to the claiming of Medicaid HHA services in the State of Kentucky.

We performed fieldwork from December 2008 through March 2009. Our fieldwork included contacting the Kentucky Department for Medicaid Services, Gentiva, referring physicians, and selected beneficiaries.

## **Methodology**

To accomplish our objective, we:

- reviewed applicable Federal and State laws, regulations, and guidance;
- contacted the Kentucky Department for Medicaid Services for claims data;
- reviewed patient clinical records maintained by Gentiva;
- reviewed home health aide training documentation and skilled nursing certificates;
- reviewed UB-92 claims for proper revenue codes;
- reviewed employee timesheets;
- visited selected beneficiaries at their place of residence; and
- visited referring physicians to determine whether clinical records maintained by Gentiva were correct.

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.

## **RESULT OF AUDIT**

Medicaid payments that the Kentucky Department for Medicaid Services made to Gentiva for HHA services for all the sampled claims were in accordance with the State's Medicaid requirements. Therefore, we are making no recommendations to Gentiva Health Services, Inc.

# **APPENDIX**

## **APPENDIX: SAMPLING METHODOLOGY**

### **POPULATION**

The population consisted of Gentiva Health Services Inc. Home Health Agency (HHA) claims paid by the Kentucky Department for Medicaid Services, with amounts \$25 or greater, from January 1, 2007, through December 31, 2007.

### **SAMPLING FRAME**

The sampling frame was an Access database containing 25,297 paid claims totaling \$5,149,823 for the period January 1, 2007, through December 31, 2007.

### **SAMPLE UNIT**

The sample unit was a paid claim.

### **SAMPLE DESIGN**

We used a simple random sample.

### **SAMPLE SIZE**

We selected a sample of 100 paid claims.

### **SOURCE OF THE RANDOM NUMBERS**

We generated the random numbers with the Office of Inspector General, Office of Audit Services, statistical software.

### **METHOD FOR SELECTING SAMPLE ITEMS**

We consecutively numbered the paid claims in our sampling frame from 1 to 25,297. After generating 100 random numbers, we selected the corresponding frame items.