Inquiries about this report may be addressed to the Office of Public Affairs at Public.Affairs@oig.hhs.gov.

Amy J. Frontz
Deputy Inspector General
for Audit Services

April 2020
A-04-18-00122
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:

**Office of Audit Services**

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 Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

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The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. With investigators working in all 50 States and the District of Columbia, OI utilizes its resources by actively coordinating with the Department of Justice and other Federal, State, and local law enforcement authorities. The investigative efforts of OI often lead to criminal convictions, administrative sanctions, and/or civil monetary penalties.

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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.
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.
Why OIG Did This Audit

Medicaid telemedicine services are health services delivered via telecommunication systems. A Medicaid patient at a referring site uses audio and video equipment to communicate with a health professional at a consulting site. Medicaid views telemedicine services as a cost-effective alternative to the more traditional face-to-face way of providing medical care.

Medicaid programs are seeing a significant increase in payments for telemedicine services and expect this trend to continue. Telemedicine is expanding in South Carolina, and the State’s Medicaid payments for telemedicine services have recently increased. This audit is one in a series of audits to determine whether selected States complied with Federal and State requirements when claiming Federal reimbursement for telemedicine services.

Our objective was to determine whether South Carolina made payments for telemedicine services in accordance with Federal and State requirements.

How OIG Did This Audit

Our audit covered $2.3 million in payments ($1.6 million Federal share) made by South Carolina from July 1, 2014, through June 30, 2017 (audit period) for telemedicine services. We selected a stratified random sample of 100 payments for audit totaling $27,470 ($19,608 Federal share).

96 Percent of South Carolina’s Medicaid Fee-for-Service Telemedicine Payments Were Insufficiently Documented or Otherwise Unallowable

What OIG Found

South Carolina made telemedicine payments that were not in accordance with Federal and State requirements and were therefore unallowable. Of the 100 Medicaid fee-for-service telemedicine payments in our stratified random sample, 3 payments were allowable. However, the remaining 97 payments were unallowable. For 95 unallowable payments, the providers documented neither the start and stop times nor the consulting site location of the medical service. The remaining two unallowable payments were actually for in-office consultations, not telemedicine services. This noncompliance occurred because South Carolina did not give providers formal training on telemedicine documentation requirements or adequately monitor compliance. On the basis of our sample results, we estimated that 96 percent of South Carolina’s Medicaid fee-for-service telemedicine payments were unallowable. We also estimated that unallowable payments totaled at least $2.1 million ($1.5 million Federal share) during our audit period.

What OIG Recommends and South Carolina’s Comments

We recommend that South Carolina refund $1.5 million to the Federal Government, give providers formal training on telemedicine documentation requirements, and enhance the monitoring of provider compliance by conducting periodic reviews of telemedicine payments for compliance with documentation requirements.

In written comments on our draft report, South Carolina concurred with our recommendations and described actions that it plans to take to address them. These actions include conducting training on telemedicine documentation requirements and enhancing monitoring through the Division of Program Integrity. South Carolina also commented that negotiation of a lesser refund amount is appropriate because most unallowable payments were the result of non-documentation of the location of the referring site and consulting site and absence of a start and stop time of the telemedicine visit. We reviewed and considered South Carolina’s comments, and our findings remain unchanged. Thus, we continue to recommend that South Carolina refund $1.5 million to the Federal Government and work with the Centers for Medicare & Medicaid Services to resolve our findings and recommendations.

The full report can be found at https://oig.hhs.gov/oas/reports/region4/41800122.asp.
INTRODUCTION

WHY WE DID THIS AUDIT

Medicaid telemedicine services are health services delivered via telecommunication systems. A Medicaid patient at a referring site uses audio and video equipment to communicate with a health professional at a consulting site. Medicaid views telemedicine services as a cost-effective alternative to the more traditional face-to-face way of providing medical care.

Medicaid programs are seeing a significant increase in payments for telemedicine services and expect this trend to continue. According to data provided by State officials, telemedicine is expanding in South Carolina, and the State’s Medicaid payments for telemedicine services have recently increased. This audit is one in a series of audits to determine whether selected States complied with Federal and State requirements when claiming Federal reimbursement for telemedicine services.

We selected the South Carolina Department of Health and Human Services (State agency) for audit based on a risk assessment. South Carolina had a more established telemedicine program with a higher total payment amount than the other states assessed.

OBJECTIVE

Our objective was to determine whether South Carolina made payments for telemedicine services in accordance with Federal and State requirements.

BACKGROUND

Administration of the Medicaid Program

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.

For purposes of Medicaid, telemedicine seeks to improve a patient’s health by permitting two-way, real-time interactive communication between the patient at a referring site and the physician or practitioner at a consulting site. States may claim Federal financial participation (FFP) for amounts expended as medical assistance under the State plan (Social Security Act § 1903(a)).

1 See Appendix B for definitions of “referring site” and “consulting site.”
Telemedicine Services in South Carolina

Telemedicine is the use of medical information about a patient that is exchanged from one site to another via electronic communications to provide medical care to a patient in circumstances in which face-to-face contact is not necessary and a physician or other qualified medical professional has determined that medical care can be provided via electronic communication with no loss in the quality or efficacy of the care. Electronic communication means the use of interactive telecommunication equipment that typically includes audio and video equipment permitting two-way, real-time interactive communication between the patient and the physician or practitioner at the consulting site. Telemedicine includes consultation, diagnostic, and treatment services.

Telemedicine as a service delivery option, in some cases, can provide beneficiaries with increased access to specialists, better continuity of care, and less hardship of traveling extended distances.

The Medicaid statute does not recognize telemedicine as a distinct service, and States have significant flexibility to establish telemedicine payment methodologies and requirements. In South Carolina, to bill for telemedicine, providers must meet the Medicaid credentialing requirements, be currently and appropriately licensed in South Carolina, and be located within the South Carolina Medical Service Area (SCMSA), which is defined as South Carolina and areas in North Carolina and Georgia within 25 miles of the South Carolina border.

A referring provider is a provider who has evaluated the beneficiary, determined the need for a consultation, and arranged the services of the consulting provider for consultation, diagnosis, or treatment. A consulting provider is the provider who evaluates the beneficiary via telemedicine upon the recommendation of the referring provider. Providers who may furnish covered telemedicine services are physicians, nurse practitioners, and physician assistants.

Telemedicine Reimbursement in South Carolina

Telemedicine services that are eligible for reimbursement in South Carolina include consultation, office visits, individual psychotherapy, pharmacologic management, and psychiatric diagnostic interview examinations and testing, delivered via a telecommunication system. A Health Insurance Portability and Accountability Act compliant audio and video

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3 Physician assistants were added to the list of allowable telemedicine providers on August 1, 2016. Licensed physicians or nurse practitioners are the only providers of telepsychiatry services.

4 Of the telemedicine payments reviewed in this audit, 96 percent were for mental health services. Other telemedicine payments reviewed in this audit related to, among other things, nutrition counseling, dermatology services, and sleep disorder counseling.
telecommunication system must be used that permits interactive communication between the physician or practitioner at the consulting site and the beneficiary at the referring site.\(^5\)

The amount paid to the health professional delivering the medical service is the current fee schedule amount for the service provided. Consulting providers submit claims for telemedicine services using the appropriate code for the professional service along with the telemedicine modifier “GT.” The referring provider is eligible to receive only a facility fee for telemedicine services, and documentation in the medical records must be maintained at both the referring and consulting sites to substantiate the service provided.

**HOW WE CONDUCTED THIS AUDIT**

Our audit covered 10,399 Medicaid fee-for-service telemedicine payments totaling $2,298,680 ($1,644,572 Federal share) that the State agency made to providers from July 1, 2014, through June 30, 2017 (audit period). From these payments, we selected a stratified random sample of 100 payments totaling $27,470 ($19,608 Federal share) for review. We obtained and reviewed supporting documentation to determine whether the telemedicine payments were made in accordance with Federal and State requirements and were therefore allowable or unallowable. Using the results of our sample, we estimated the total value and Federal share of any unallowable payments for our audit period.

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 findings and conclusions based on our audit objectives.

Appendix A contains the details of our audit scope and methodology, and Appendix B contains the applicable Federal and State requirements. Appendix C contains our statistical sampling methodology, and Appendix D contains our sample results and estimates.

**FINDINGS**

The State agency made telemedicine payments that were not in accordance with Federal and State requirements and were therefore unallowable. Of the 100 Medicaid fee-for-service telemedicine payments in our stratified random sample, 3 payments were allowable. However, the remaining 97 payments were unallowable. For 95 unallowable payments, the providers documented neither the start and stop times nor the consulting site location of the medical service. The remaining two unallowable payments were actually for in-office consultations, not telemedicine services. This noncompliance occurred because the State agency did not give

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\(^5\) In South Carolina, referring providers supplied audio and video equipment in delivering reimbursable telemedicine services. Additionally, according to the South Carolina Physicians Provider Manual, section 2, “Policies and Procedures, Program Services, Telemedicine,” video cell phone interactions “do not constitute reimbursable telemedicine services and will not be reimbursed.”
providers formal training on telemedicine documentation requirements or adequately monitor compliance. On the basis of our sample results, we estimated that 96 percent of the State agency’s Medicaid fee-for service telemedicine payments were unallowable. We also estimated that unallowable payments totaled at least $2,142,768 ($1,524,536 Federal share) during our audit period.

**FEDERAL AND STATE REQUIREMENTS**

FFP is generally available in expenditures under the State Plan (42 CFR § 440.2(b)). Claims for Federal Medicaid reimbursement must be supported by adequate documentation to assure that all applicable Federal requirements have been met (CMS State Medicaid Manual § 2497.1). Additionally, costs must be adequately documented to be allowable under Federal awards (45 CFR § 75.403(g)).

The South Carolina Code of Regulations 126-300(D) states, “Services are subject to limits and procedural requirements described in the South Carolina State Plan for Title XIX (Medicaid), provider manuals, Medical Bulletins, and [F]ederal directives.”

The South Carolina *Physicians Provider Manual*, section 1, “General Information and Administration, Medicaid Program Integrity,” states, “A Program Integrity review can cover . . . [w]hether the amount, scope, and duration of the services billed to Medicaid are fully documented in the provider’s records.”

The South Carolina *Physicians Provider Manual*, section 2, “Policies and Procedures, Program Services, Telemedicine,” states:

> Documentation in the medical records must be maintained at the referring and consulting locations to substantiate the service provided . . . . All other Medicaid documentation guidelines apply to the services rendered via telemedicine. Examples include but are not limited to:

- The diagnosis and treatment plan resulting from the telemedicine service and progress note by the health care provider
- The location of the referring site and consulting site
- Documentation supporting the medical necessity of the telemedicine service
- Start and stop times[.]
UNALLOWABLE TELEMEDICINE PAYMENTS

Of the 100 Medicaid fee-for-service telemedicine payments totaling $27,470 ($19,608 Federal share) in our stratified random sample, 3 payments totaling $820 ($582 Federal share) were made in accordance with Federal and State requirements and were allowable. However, the remaining 97 payments totaling $26,650 ($19,026 Federal share) were not made in accordance with Federal and State requirements and were therefore unallowable.

95 of 100 Payments Were for Insufficiently Documented Services

Of the 100 Medicaid fee-for-service telemedicine payments reviewed, 95 payments totaling $26,321 ($18,793 Federal share) related to services that were insufficiently documented. Contrary to requirements, telemedicine providers documented neither the start and stop times nor the consulting site location of the medical service. Telemedicine providers expressed concerns about vague guidance and lack of training on Medicaid documentation requirements.

The State agency requires that telemedicine providers maintain documentation to substantiate services provided, including start and stop times, and its Division of Program Integrity may review amount, scope, and duration of services provided. Thus, failure to document start and stop times is not only contrary to State requirements but also can be a program integrity concern. For example, State officials stated that the Division of Program Integrity uses duration to look for doctors listing more than 24 hours of services on a single day, which is an indicator a provider should be reviewed. The State agency similarly requires duration be documented in the clinical services notes for psychiatric and counseling services. Therefore, the telemedicine service also did not meet the specific documentation requirements for psychiatric and counseling services. State officials agreed that documenting start and stop times is an important program integrity safeguard for telemedicine.

Likewise, the State agency requires that telemedicine providers be located within the SCMSA and maintain documentation to substantiate services provided, including the location of the consulting site. Additionally, the Division of Program Integrity may review the amount, scope, and duration of services provided. Thus, failure to document the consulting site location is not only contrary to State requirements but also can be a program integrity concern. The State agency similarly requires place of service to be documented in the clinical services notes for psychiatric and counseling services. Therefore, the telemedicine service also did not meet the specific documentation requirements for psychiatric and counseling services. State officials agreed that documenting the consulting site location is an important program integrity safeguard for telemedicine.

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2 of 100 Payments Were Not for Telemedicine Services

Of the 100 Medicaid fee-for-service telemedicine payments reviewed, 2 payments totaling $329 ($233 Federal share) were actually for in-office consultations, not telemedicine services. The provider attributed these errors to miscoding by a contracted physician who was unfamiliar with the coding system.8

INADEQUATE FORMAL TRAINING AND MONITORING

Telemedicine providers expressed concerns about vague guidance and lack of training on Medicaid documentation requirements. The State agency did not give providers formal training on telemedicine documentation requirements or adequately monitor provider compliance. Although the State agency used a telemedicine usage report monthly for high-level analysis, including but not limited to total payments, demographic data, and billing codes, its analysis included neither start and stop times nor the consulting site location of the medical service. Furthermore, State officials informed us that the State’s Division of Program Integrity had not reviewed telemedicine services.

ESTIMATE OF UNALLOWABLE TELEMEDICINE PAYMENTS

Using the results of our sample, we estimated that 96 percent of the State agency’s Medicaid fee-for-service telemedicine payments were unallowable. We also estimated that unallowable payments totaled at least $2,142,768 ($1,524,536 Federal share) during our audit period.

RECOMMENDATIONS

We recommend that the South Carolina Department of Health and Human Services:

- refund $1,524,536 to the Federal Government,
- give providers formal training on telemedicine documentation requirements, and
- enhance the monitoring of provider compliance by conducting periodic reviews of telemedicine payments for compliance with documentation requirements.

8 State officials indicated that these two payments were outside of the State agency’s timely filing period for claims and, therefore, not subject to refiling. Accordingly, we expect no refiling of the claims related to these two payments and, thus, no changes to our sample results.
STATE AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency concurred with our recommendations and described actions that it plans to take to address them. These actions include conducting training on telemedicine documentation requirements and enhancing monitoring through the Division of Program Integrity. The State agency also commented that negotiation of a lesser refund amount is appropriate because most unallowable payments were the result of non-documentation of the location of the referring site and consulting site and absence of a start and stop time of the telemedicine visit.

The State agency’s comments are included in their entirety as Appendix E.

OFFICE OF INSPECTOR GENERAL RESPONSE

We reviewed and considered the State agency’s comments, and our findings remain unchanged. Thus, we continue to recommend that the State agency refund $1.5 million to the Federal Government and work with CMS to resolve our findings and recommendations.
APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our audit covered 10,399 Medicaid fee-for-service telemedicine payments totaling $2,298,680 ($1,644,572 Federal share) that the State agency made from July 1, 2014, through June 30, 2017. From these payments, we selected a stratified random sample of 100 payments totaling $27,470 ($19,608 Federal share) for audit. Using the results of our sample, we estimated the total value and Federal share of any unallowable payments for our audit period.

We performed our fieldwork at State agency offices in Columbia, South Carolina, from September 2018 through September 2019. We visited 16 providers associated with payments in our sample to obtain documentation and interview staff. We did not assess the State agency’s overall internal control structure. Rather, we limited our audit of internal controls to those applicable to our audit objective.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws, regulations, and guidance;
- reviewed State laws, regulations, and guidance, including South Carolina’s Physicians Provider Manual;
- interviewed State and provider officials to gain an understanding of telemedicine in South Carolina;
- selected a stratified random sample of Medicaid fee-for-service payments for telemedicine services (Appendix C);
- reviewed supporting documentation for each sampled transaction and documented any deficiencies;
- estimated results of statistical samples, as applicable (Appendix D); and
- discussed our findings with State officials.

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 findings and conclusions based on our audit objectives.
APPENDIX B: FEDERAL AND STATE REQUIREMENTS

FEDERAL REQUIREMENTS

Sec. 1903(a) of the Social Security Act states:

From the sums appropriated therefor, the Secretary (except as otherwise provided in this section) shall pay to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing January 1, 1966—(1) an amount equal to the Federal medical assistance percentage (as defined in section 1905(b), subject to subsections (g) and (j) of this section and subsection 1923(f)) of the total amount expended during such quarter as medical assistance under the State plan.

42 CFR § 440.2(b) states, “Definitions of services for FFP purposes. Except as limited in part 441, FFP is available in expenditures under the State plan for medical or remedial care and services as defined in this subpart.”

45 CFR § 75.403 states, “Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards . . . (g) Be adequately documented.”

CMS’s State Medicaid Manual § 2497.1 states, “Federal financial participation (FFP) is available only for allowable actual expenditures made on behalf of eligible recipients for covered services rendered by certified providers. Expenditures are allowable only to the extent that, when a claim is filed, you have adequate supporting documentation in readily reviewable form to assure that all applicable Federal requirements have been met.”

STATE REQUIREMENTS

South Carolina Code of Regulations 126-300(D) states, “Services are subject to limits and procedural requirements described in the South Carolina State Plan for Title XIX (Medicaid), provider manuals, Medical Bulletins, and [F]ederal directives.”

South Carolina Physicians Provider Manual, section 1, “General Information and Administration, Medicaid Program Integrity,” states:

The Division [Program Integrity] conducts payment reviews, analysis of provider payments, and review of provider records, using statistical sampling and overpayment estimation when feasible, to determine the following: medical reasonableness and necessity of the service provided, indications of fraud or abuse in billing the Medicaid program, compliance with Medicaid program coverage and payment policies, compliance with state and federal Medicaid laws and regulations, compliance with accepted medical coding conventions,
procedures, and standards, whether the amount, scope, and duration of the services billed to Medicaid are fully documented in the provider’s records.

According to South Carolina’s *Physicians Provider Manual*, section 2, “Policies and Procedures, Program Services, Telemedicine”:

- Telemedicine is the use of medical information about a patient that is exchanged from one site to another via electronic communications to provide medical care to a patient in circumstances in which face-to-face contact is not necessary. In this instance, a physician or other qualified medical professional has determined that medical care can be provided via electronic communication with no loss in the quality or efficacy of the care.

- A referring site is the location of an eligible Medicaid beneficiary at the time the service being furnished via a telecommunication system occurs.

- A consult[ing] site means the site at which the specialty physician or practitioner providing the medical care is located at the time the service is provided via telemedicine. The health professional providing the medical care must be currently and appropriately licensed in South Carolina and located within the [SCMSA], which is defined as the state of South Carolina and areas in North Carolina and Georgia within 25 miles of the South Carolina state border.

- Documentation in the medical records must be maintained at the referring and consulting locations to substantiate the service provided . . . . All other Medicaid documentation guidelines apply to the services rendered via telemedicine. Examples include but are not limited to:
  - The diagnosis and treatment plan resulting from the telemedicine service and progress note by the health care provider
  - The location of the referring site and consulting site
  - Documentation supporting the medical necessity of the telemedicine service
  - Start and stop times[.]
South Carolina’s *Physicians Provider Manual*, section 2, “Policies and Procedures, Program Services, Psychiatric and Counseling Services,” states:

All psychiatric and psychotherapy services must be documented in a clinical service note (CSN) upon the delivery of services . . . . The CSN must include:

- Date of service
- Name of the service provided
- Place of service . . .
- Signature, title, and signature date of the person responsible for the provision of services and supervising clinician, if appropriate.
APPENDIX C: STATISTICAL SAMPLING METHODOLOGY

SAMPLING FRAME

For telemedicine services, the State agency provided an Excel file containing all Medicaid payments made from July 1, 2014, through June 30, 2017, with the “GT” code modifier. The file provided included both fee-for-service and managed care organization payments. We refined the data by first filtering the listing to include only fee-for-service payments. This resulted in a listing of 15,018 payments. Next, we removed payments of less than $100. The remaining 10,399 Medicaid fee-for-service telemedicine payments totaling $2,298,680 ($1,644,572 Federal share) made up our sampling frame.

SAMPLE UNIT

The sample unit was a payment.

SAMPLE DESIGN AND SAMPLE SIZE

We used a stratified random sample and selected 100 payments for audit as follows:

Table 1: Payments Reviewed

<table>
<thead>
<tr>
<th>Stratum</th>
<th>Dollar Range</th>
<th>Frame Size</th>
<th>Frame Amount</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$100.00 to $164.99</td>
<td>6,662</td>
<td>$1,039,880</td>
<td>40</td>
</tr>
<tr>
<td>2</td>
<td>$165.00 to $323.99</td>
<td>2,391</td>
<td>654,827</td>
<td>30</td>
</tr>
<tr>
<td>3</td>
<td>$324.00 to $653.00</td>
<td>1,346</td>
<td>603,973</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>10,399</td>
<td>$2,298,680</td>
<td>100</td>
</tr>
</tbody>
</table>

SOURCE OF RANDOM NUMBERS

We generated the random numbers using the Office of Inspector General, Office of Audit Services (OIG/OAS), statistical software.

METHOD OF SELECTING SAMPLE ITEMS

We consecutively numbered the sample items in each stratum. After generating the random numbers, we selected the corresponding frame items for audit.
ESTIMATION METHODOLOGY

We used the OIG/OAS statistical software to estimate the total value and Federal share of any unallowable payments. To be conservative, we recommend recovery of unallowable payments at the lower limit of a two-sided 90-percent confidence interval. Lower limits calculated in this manner are designed to be less than the actual unallowable payment total 95 percent of the time.
APPENDIX D: SAMPLE RESULTS AND ESTIMATES

Table 2: Sample Results

<table>
<thead>
<tr>
<th>Stratum</th>
<th>Frame Size</th>
<th>Sample Size</th>
<th>Frame Amount</th>
<th>Unallowable Telemedicine Payments</th>
<th>Total Value of Unallowable Telemedicine Payments</th>
<th>Federal Share of Unallowable Telemedicine Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>6,662</td>
<td>40</td>
<td>$1,039,880</td>
<td>40</td>
<td>$6,153</td>
<td>$4,361</td>
</tr>
<tr>
<td>2</td>
<td>2,391</td>
<td>30</td>
<td>654,827</td>
<td>28</td>
<td>7,957</td>
<td>5,647</td>
</tr>
<tr>
<td>3</td>
<td>1,346</td>
<td>30</td>
<td>603,973</td>
<td>29</td>
<td>12,540</td>
<td>9,018</td>
</tr>
<tr>
<td>Total</td>
<td>10,399</td>
<td>100</td>
<td>$2,298,680</td>
<td>97</td>
<td>$26,650</td>
<td>$19,026</td>
</tr>
</tbody>
</table>

Table 3: Estimated Unallowable Telemedicine Payments
(Limits Calculated at the 90-Percent Confidence Level)

<table>
<thead>
<tr>
<th></th>
<th>Lower Limit</th>
<th>Point Estimate</th>
<th>Upper Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total value</td>
<td>$2,142,768</td>
<td>$2,221,677</td>
<td>$2,298,680</td>
</tr>
<tr>
<td>Federal share</td>
<td>1,524,536</td>
<td>1,580,989</td>
<td>1,637,443</td>
</tr>
</tbody>
</table>

9 The upper limit calculated using the OIG/OAS statistical software for the total overpayment was $2,300,585. We adjusted the estimate downward to reflect the known value of the sampling frame.
Feb. 25, 2020


Mr. Eric Bowen
Assistant Regional Inspector General for Audit Services
Office of Audit Services, Region IV
61 Forsyth Street, SW, Suite 3T41
Atlanta, GA 30303

Dear Mr. Bowen:

The South Carolina Department of Health and Human Services (SCDHHS) has reviewed the draft report entitled 96 Percent of South Carolina’s Medicaid Fee-for-Service Telemedicine Payments Were Insufficiently Documented or Otherwise Unallowable. Below you will find a summary of Office of Inspector General’s (OIG) findings and recommendations, as well as SCDHHS comments related to these findings.

OIG Recommendations:

- Recommendation 1: Refund $1,524,536 to the federal government
- Recommendation 2: Give providers formal training on telemedicine documentation requirements
- Recommendation 3: Enhance the monitoring of provider compliance by conducting periodic reviews of telemedicine

SCDHHS Comments:

- Recommendation 1: Refund $1,524,536 to the federal government
  - Concur with comment – In light of the fact that most unallowable payments were the result of non-documentation of the location of the referring and consulting site, and absence of a start and stop time of the telemedicine visit, and not the result of the absence of a treatment plan and progress note, or documentation of medical necessity, SCDHHS believes the negotiation of an amount of refund less than $1,524,536 to the federal government is appropriate.

- Recommendation 2: Give providers formal training on telemedicine documentation requirements
  - Concur – SCDHHS, in concert with the Medical University of South Carolina, will conduct cyclic and as needed training on telemedicine documentation requirements. SCDHHS will monitor results of training quarterly.
• Recommendation 3: Enhance the monitoring of provider compliance by conducting periodic reviews of telemedicine
  
  o Concur — Through SCDHHS' Division of Program Integrity, enhanced monitoring will be conducted to ensure provider compliance with telemedicine policy.

Sincerely,

Michael Psikogios, MD
Deputy Director of Health Programs