



Memorandum

Date August 25, 2006

From Regional Inspector General
for Audit Services, Region V

Subject Audit Report on Selected Ohio Skilled Nursing Facilities' Minimum Data Set Reporting
for Purposes of Medicare Payments to Managed Care Organizations A-05-06-00022

To Abby Block, Director, Center for Beneficiary Choices
Centers for Medicare & Medicaid Services

The attached report presents the results of our self-initiated review of the reporting of resident assessment information by nine selected skill nursing facilities in the Ohio Minimum Data Set to ensure proper Medicare payments to Managed Care Organizations.

Should you have any questions or comments concerning the matters presented in this report, please do not hesitate to call Jaime Saucedo, at (312) 353-8693. To facilitate identification, please refer to report number A-05-06-00022 in all correspondence.

Paul Swanson

Attachment

cc: Director, MCO Audits, OAS (2)
Director, Audit Planning and Implementation, OAS (2)
Audit Manager, Region V, OAS (2)



Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF SELECTED OHIO
SKILL NURSING FACILITIES'
MINIMUM DATA SET REPORTING
FOR PURPOSES OF MEDICARE
PAYMENTS TO MANAGED CARE
ORGANIZATIONS**



Daniel R. Levinson
Inspector General

AUGUST 2006
A-05-06-00022

Office of Inspector General

<http://oig.hhs.gov>

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

EXECUTIVE SUMMARY

BACKGROUND

Sections 1819 and 1919 of the Social Security Act (Act) provide that skilled nursing facilities (SNF) participating in Medicare and Medicaid must meet certain specific requirements. Both the Act and implementing regulations (42 CFR § 483.20) require SNFs and all nursing facilities that participate in Medicaid to assess the clinical and functional status of residents and submit assessment records to States for inclusion in the Centers for Medicaid & Medicare Services (CMS) national Minimum Data Set (MDS) Repository.

CMS's Division of Risk Adjustment Operations uses this data to determine appropriate payments to Managed Care Organizations (MCO) for institutionalized residents. This self-initiated review determined whether nine selected SNFs in Ohio accurately reported the long-term status of beneficiaries reviewed to ensure proper Medicare payments to the MCOs.

Federal regulations (42 CFR 483.20(b)(1)) require SNFs to report beneficiary data using a Long-Term Care Facility Resident Assessment Instrument (RAI) specified by their State (in Ohio, the Ohio Department of Health's Division of Quality Assurance). SNFs complete and send assessments to the States and CMS's Division of National Systems on a quarterly and annual basis. The two major groups of beneficiaries in the MDS population are long-term (in institutions more than 90 days) and short-term (in institutions less than 90 days) beneficiaries. Depending on the resident status, CMS reimburses MCOs a higher (institutionalized) rate for long-term beneficiaries and a smaller (community) rate for short-term beneficiaries.

Once beneficiaries are identified as institutionalized, they remain in long-term status until discharged home for more than 14 continuous days. If beneficiaries are discharged or reenter the nursing facilities, SNFs prepare Discharge and Reentry Tracking forms. These forms are also used in determining the institutionalized status of residents in meeting the 14-day rule. Therefore, the accuracy and completeness of the assessment data determines the correct MCO payment rate.

OBJECTIVE

Our objective is to evaluate whether nine selected SNFs in Ohio accurately reported the long-term status of the institutionalized beneficiaries to ensure proper Medicare payments to the MCOs.

RESULTS OF REVIEW

The nine selected Ohio SNFs followed Federal regulations (42 CFR 483.20(b)(1)) and accurately and completely reported assessment information for long-term care facility residents the State specified reporting document or RAI. MDS assessments of one hundred beneficiaries in a six-

month period included discharges and re-entry assessments in compliance with the 14-day rule. We confirmed that the correct determinations of resident institutional status were made. As a result, the referring MCOs received the correct institutional payment for all one hundred beneficiaries reviewed.

Therefore, no recommendations were warranted.

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INTRODUCTION

BACKGROUND

Reporting Responsibility and Requirements

Sections 1819 and 1919 of the Social Security Act (Act) provide that skilled nursing facilities (SNF) participating in Medicare and Medicaid must meet certain specific requirements. Both the Act and implementing regulations (42 CFR § 483.20) require SNFs and all nursing facilities that participate in Medicaid to assess the clinical and functional status of residents and submit assessment records to States for inclusion in the Centers for Medicare and Medicaid Services (CMS) national Minimum Data Set (MDS) Repository. Federal agencies and States routinely collect this data for resident planning, nursing facility payment determinations, and long-term care quality assurance purposes. Because of the various uses, it is vital that nursing facilities meet federal MDS requirements and that the data contains accurate and complete information about its resident population.

Federal regulations (42 CFR 483.20(b)(1)) require SNFs to report beneficiary data using a Long-Term Care Facility Resident Assessment Instrument (RAI) specified by their State (in Ohio, the Ohio Department of Health's Division of Quality Assurance). As part of the assessments, facilities also submit Discharge and Reentry Tracking forms for each resident who is discharged and/or reentered the nursing facilities.

SNFs then send assessments to the States and CMS's Division of National Systems on a quarterly and annual basis. The States act as a hub for the electronic submission of the assessments to the MDS repository, maintained by CMS's Division of National Systems in Baltimore, Maryland. This assessment system provides a comprehensive, accurate, standardized, reproducible assessment of each long-term facility resident.

Managed Care Organization Payment Rates

The two major groups of beneficiaries in the MDS population are long-term (in institutions more than 90 days) and short-term (in institutions less than 90 days) beneficiaries. Once SNFs complete and send assessments to the States, CMS's Division of Risk Adjustment Operations extracts this data from the MDS repository and uses it to identify resident status. Depending on the resident status, CMS reimburses MCOs a higher (institutionalized) rate for long-term beneficiaries and a lower (community) rate for short-term beneficiaries.

Once beneficiaries are identified as institutionalized, they remain in long-term status until discharged home for more than 14 continuous days. If beneficiaries are discharged or reenter the nursing facilities, SNFs prepare Discharge and Reentry Tracking forms. These forms are used to determine whether the non-institutionalized status of residents was more than 14 days. The accuracy and completeness of the assessment data determines the correct MCO payment rate.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective is to evaluate whether nine SNFs in Ohio accurately reported the long-term status of the institutionalized beneficiaries to ensure proper Medicare payments to the MCOs.

Scope

Our review covered nine SNFs, located throughout Ohio for the audit period of January through June 2005, as follows:

- Monterey Care Center, Grove City
- Franklin Plaza Extended Care, Cleveland
- Manorcare Health Services, North Olmstead
- Indian Hills Nursing Center, Euclid
- East Galbraith Health Care Center, Cincinnati
- The Deupree Community, Cincinnati
- Madeira Health Care Center, Cincinnati
- The Residences at Salem Woods, Cincinnati
- St. Margaret's Hall, Inc., Cincinnati

We did not review internal controls at any of the nine nursing facilities. We conducted our fieldwork in April of 2006 in Columbus, Cleveland and Cincinnati, Ohio.

Methodology

To accomplish our objective, we:

- interviewed CMS officials to gain an understanding of the MDS system;
- interviewed State officials that support the transmission of system data;
- reviewed the RAI manual for policies and procedures;
- interviewed SNF staff responsible for completing and reporting assessment information;
- obtained records and assessments for 100 Medicare beneficiaries classified as long-term beneficiaries; and
- reviewed records and assessments for a six-month period and tested discharges and re-entry assessments for the 14-day rule in meeting resident institutionalized status.

We performed our audit in accordance with generally accepted government auditing standards.

RESULTS OF REVIEW

The nine Ohio SNFs followed Federal regulations (42 CFR 483.20(b)(1)) and accurately and completely reported assessment information for long-term care residents using the State specified reporting document or RAI. MDS assessments of one hundred beneficiaries in a six-month period included discharges and reentry assessments in compliance with the 14-day rule. We confirmed that the correct determinations of resident institutional status were made. As a result, the referring MCOs received the correct institutional payment for all one hundred beneficiaries reviewed.

Therefore, no recommendations were warranted.