



Office of Audit Services, Region V
233 North Michigan Avenue
Suite 1360
Chicago, IL 60601

April 23, 2010

Report Number: A-05-09-00093

Mr. Jason Helgerson
Administrator
Division of Health Care Access and Accountability
Department of Health Services
1 West Wilson Street, Room 350
Madison, WI 53701

Dear Mr. Helgerson:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled *Review of Medicaid Personal Care Service Claims Submitted by Independence First, Inc. and Claimed by Wisconsin From July 1, 2006, Through June 30, 2008*. 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-05-09-00093 in all correspondence.

Sincerely,

/James C. Cox/
Regional Inspector General
for Audit Services

Enclosure

HHS Action Official:

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

Department of Health & Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF MEDICAID
PERSONAL CARE SERVICE
CLAIMS SUBMITTED BY
INDEPENDENCE FIRST, INC.
AND CLAIMED BY WISCONSIN
FROM JULY 1, 2006, THROUGH
JUNE 30, 2008**



Daniel R. Levinson
Inspector General

April 2010
A-05-09-00093

Office of Inspector General

<http://oig.hhs.gov>

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 & 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.

Office of Evaluation and Inspections

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.

Office of Investigations

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.

Office of Counsel to the Inspector General

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

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.

INTRODUCTION

BACKGROUND

Medicaid Program

Pursuant to Title XIX of the Social Security Act (the Act), the Medicaid program provides medical assistance to low-income 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 Medicaid 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.

Wisconsin's Medicaid Program

In Wisconsin, the Department of Health Services (DHS) is the State agency responsible for operating the Medicaid program. Within DHS, the Division of Health Care Access and Accountability administers the Medicaid program. DHS contracts with EDS, a private vendor for the state, to process and pay Medicaid claims through its Medicaid Management Information System (MMIS), including personal care services claims. During the period July 1, 2006, through June 30, 2008, the Federal medical assistance percentage varied from 57.47 to 57.65 percent.

Federal Requirements Related to Personal Care Services

Pursuant to section 1905(a)(24) of the Act and implementing Federal regulations (42 CFR § 440.167(a)), personal care services must be: (1) authorized for an individual by a physician in a plan of treatment or in accordance with a service plan approved by the individual State; (2) provided by an individual who is qualified to provide such services and who is not a member of the individual's family;¹ and (3) furnished in a home or, at the State's option, in another location.

The Office of Management and Budget Circular A-87 establishes principles and standards for determining allowable costs incurred by State and local governments under Federal awards. Section C.1.c of Attachment A of the Circular provides that to be allowable, costs must be authorized or not prohibited by State or local laws or regulations.

Wisconsin's Personal Care Services Program

Pursuant to HFS 105.17, Wisconsin Administrative Code (Wis. Admin. Code), Medicaid personal care services may be provided by county departments, home health agencies, and independent living centers. HFS 107.112, Wis. Admin. Code defines personal care services as medically-oriented activities related to assisting a recipient with activities of daily living

¹ In Wisconsin, a family member that is not legally responsible for the beneficiary can be a personal care worker. Section 49.90(1) of the Wisconsin Statute defines a legally responsible relative as a spouse or the parent of a child under 18 years of age.

necessary to maintain the recipient in his or her place of residence in the community. These services shall be provided upon written orders of a physician by a provider pursuant to HFS 105.17 and by a personal care worker employed by the provider or under contract to the provider who is supervised by a registered nurse, (RN), according to a written plan of care. The personal care worker shall be assigned by the supervising RN to specific recipients to do specific tasks for those recipients for whom the personal care worker has been trained.

Independence First, Inc.

Independence First, Inc., established in 1979, is an independent living center located in Milwaukee, Wisconsin. Independence First Inc. offers independent living skills training, peer counseling, advocacy and information, personal care services, and referral services to persons with disabilities in the four-county metropolitan Milwaukee area. During the period July 1, 2006, through June 30, 2008, Independence First was paid over \$33 million for Medicaid personal care services.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objective of our audit was to determine whether the State agency properly claimed Federal Medicaid reimbursement for personal care services provided by Independence First, Inc. in Wisconsin.

Scope

We reviewed a sample of 100 personal care service line items totaling \$6,328, submitted by Independence First, Inc. during the period July 1, 2006 through June 30, 2008. We did not review the medical necessity or reasonableness of the services claimed. In addition, we did not review the overall internal control structure of the State or the Medicaid program. Rather, we limited our internal control review to the objective of our audit.

We conducted fieldwork at DHS in Madison, Wisconsin and at Independence First, Inc. in Milwaukee, Wisconsin from April through October 2009.

Methodology

To accomplish our objective, we:

- reviewed applicable Federal and State regulations and guidelines;
- held discussions with State agency officials to gain an understanding of its personal care services program;
- requested that EDS extract the universe of Medicaid personal care services claims with Federal financial participation for the period July 1, 2006, through June 30, 2008.

- selected a random sample of 100 personal care service line items, totaling \$6,328, submitted by Independence First, Inc.; and for each sample item:
 - determined if the recipient was enrolled in the Medicaid program;
 - reviewed supporting documentation to determine if the related service was actually provided;
 - determined if the related services was claimed at the correct rate; and
 - visited the Medicaid recipient, if available, associated with the claim to inquire about the personal care services he or she received.

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

RESULTS OF REVIEW

The State agency properly claimed Federal Medicaid reimbursement for personal care services provided by Independence First, Inc. during the two-year period ending June 30, 2008. As a result, this report contains no recommendations.