



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

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

December 3, 2010

Report Number: A-05-10-00070

Ms. Patricia Casanova
Director of Medicare
Office of Medicaid Policy and Planning
Indiana Family and Social Services Administration
402 W. Washington Street
Room W461, MS-25
Indianapolis, IN 46207

Dear Ms. Casanova:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled *Review of Indiana Medicaid Intraoral Radiographs Paid in Excess of Reimbursement Limits During the Period January 1, 2009, through December 31, 2009*. 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 Sheri Fulcher, Audit Manager, at (312) 353-1823 or through email at Sheri.Fulcher@oig.hhs.gov. Please refer to report number A-05-10-00070 in all correspondence.

Sincerely,

/James C. Cox/
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
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601

Department of Health & Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF INDIANA MEDICAID
INTRAORAL RADIOGRAPHS
PAID IN EXCESS OF
REIMBURSEMENT LIMITS
DURING THE PERIOD
JANUARY 1, 2009, THROUGH
DECEMBER 31, 2009**



Daniel R. Levinson
Inspector General

December 2010
A-05-10-00070

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

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. The Indiana Family and Social Services Administration (the State agency) is responsible for administering Indiana's State Medicaid program.

The State agency must comply with Federal and State statutes and administrative policies in order to participate in the Medicaid program. The Act requires dental services be covered for Medicaid-eligible individuals. The Indiana Administrative Code (IAC) states that dental radiographs (x-rays) are a covered Medicaid service but have specific reimbursement limits in regards to frequency.

During calendar year (CY) 2009, 954 Indiana Medicaid dental providers received Medicaid reimbursements for intraoral radiographs totaling \$2,213,203 (\$1,430,841 Federal share).

OBJECTIVE

The objective of our review was to determine whether Indiana dental claims for intraoral radiographs paid during CY 2009 complied with Medicaid reimbursement limits.

SUMMARY OF FINDINGS

Indiana dental claims for intraoral radiographs paid during CY 2009 did not always comply with Medicaid reimbursement limits. Medicaid reimbursed dental providers \$136,157 (\$88,047 Federal share) in unallowable costs for 40,528 intraoral radiographs paid in excess of IAC reimbursement limits. This occurred because the State agency lacked claims processing system edits and provider education to prevent and detect excess billing of intraoral radiographs.

RECOMMENDATIONS

We recommend the State agency:

- refund \$88,047 to the Federal government;
- implement claims processing system edits to prevent unallowable Medicaid payments for intraoral radiographs billed in excess of IAC reimbursement limits; and
- educate Medicaid dental providers regarding IAC reimbursement limits.

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency concurred with our recommendations and described corrective actions it has taken or planned to take. The State agency's comments are included in their entirety as the appendix.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
BACKGROUND	1
Medicaid Program.....	1
Reimbursement Limits.....	1
OBJECTIVE, SCOPE, AND METHODOLOGY	1
Objective.....	1
Scope.....	1
Methodology.....	2
FINDINGS AND RECOMMENDATIONS	2
INTRAORAL RADIOGRAPHS	3
Intraoral First Film.....	3
Intraoral Subsequent Films	3
RECOMMENDATIONS	3
STATE AGENCY COMMENTS	3
APPENDIX	
STATE AGENCY COMMENTS	

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 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.

The Indiana Family and Social Services Administration (the State agency) is responsible for administering the Indiana Medicaid program in compliance with Federal and State statutes and administrative policies. The State agency reimburses providers for dental services rendered based on a negotiated fee schedule. The Indiana Administrative Code (IAC) states that dental x-rays are a covered Medicaid service but have specific reimbursement limits regarding frequency.

Reimbursement Limits

Medicaid reimbursement for dental services cannot exceed limitations set forth in Rule 14 of the Indiana Administrative Code. Pursuant to 405 IAC 5-14-1, Medicaid reimbursement is available for dental services "... subject to the limitations set out in this rule." In addition, 405 IAC 5-14-3 states that "Medicaid reimbursement is available for diagnostic services, including initial and periodic evaluations, prophylaxis, radiographs, and emergency treatments, with ... limitations." Pursuant to 405 IAC 5-14-3, reimbursement is limited for intraoral radiographs to 1 first film and 7 additional films per recipient per calendar year (CY).

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objective of our review was to determine whether Indiana dental claims for intraoral radiographs paid during CY 2009 complied with Medicaid reimbursement limits.

Scope

We reviewed \$2,213,203 (\$1,430,841 Federal share) that the State agency paid to 954 Indiana Medicaid dental providers for intraoral radiographs from January 1, 2009, through December 31, 2009.

The specific radiographs were for the following Common Dental Terminology (CDT) codes:

- D0220: Intraoral – periapical first film
- D0230: Intraoral – periapical each additional film, limit of seven.

We limited our internal control review to the prevention and detection of overbilling of intraoral radiographs. The objective of our review did not require an understanding or assessment of the State agency’s overall internal control structure. We did not determine the medical necessity of any radiographs provided.

We conducted our review from May through July 2010.

Methodology

To accomplish our objective, we:

- reviewed applicable Federal and State laws, regulations and guidance;
- obtained and reviewed the State agency’s negotiated fee schedule;
- obtained Medicaid Management Information System intraoral radiograph claims’ data paid to Indiana dental providers during CY 2009;
- identified and extracted the claims paid for a previously reviewed dental provider during CY 2009;
- analyzed 184,668 intraoral radiograph line items from CY 2009 totaling \$2,213,203; and
- identified excessive payments made to the dental providers for intraoral radiographs.

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.

FINDINGS AND RECOMMENDATIONS

Indiana dental claims paid during CY 2009 did not always comply with Medicaid reimbursement limits. Medicaid reimbursed dental providers \$136,157 (\$88,047 Federal share) in unallowable costs for 40,528 intraoral radiographs paid in excess of IAC reimbursement limits. This occurred because the State agency lacked claims processing system edits and provider education to prevent and detect excess billing of intraoral radiographs.

INTRAORAL RADIOGRAPHS

Under the IAC, Medicaid reimbursement for a recipient's first intraoral radiograph is only allowed once per calendar year and is billed using CDT code D0220. All subsequent intraoral radiographs for that recipient must be billed as additional films using CDT code D0230. Based on the negotiated fee schedule, the State agency normally reimbursed providers \$13.25 for D0220 line item and \$10.00 for D0230 line item¹.

Intraoral First Film

Of the 115,383 CDT codes D0220 totaling \$1,523,219 (\$521,177 Federal share) that the State agency reimbursed Indiana providers during our audit period, 39,549 totaling \$126,505 (\$81,798 Federal share) were unallowable because there were two or more first film intraoral radiograph codes billed within a calendar year for the same recipient. We computed the disallowance by calculating the difference between the reimbursement amount for D0220 and D0230 for each line item determined to be in error.

Intraoral Subsequent Films

Of the 69,285 CDT codes D0230 totaling \$689,984 (\$446,017 Federal share) that the State agency reimbursed Indiana providers during our audit period, 979 totaling \$9,652 (\$6,249 Federal share) were unallowable because they exceeded the 7 claim limit per year.

RECOMMENDATIONS

We recommend the State agency:

- refund \$88,047 to the Federal government;
- implement claims processing system edits to prevent unallowable Medicaid payments for intraoral radiographs billed in excess of the IAC reimbursement limits; and
- educate Medicaid dental providers regarding IAC reimbursement limits.

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency concurred with our recommendations and described corrective actions it has taken or planned to take. The State agency's comments are included in their entirety as the appendix.

¹ However, there were instances where the State agency reimbursed providers less than the \$13.25 for CDT code D0220 and less than the \$10.00 for CDT code D0230.

APPENDIX

AUDITEE COMMENTS



"People
helping people
help
themselves"

October 15, 2010

MITCHELL E. DANIELS, JR., GOVERNOR
STATE OF INDIANA

Office of Medicaid Policy and Planning
MS 07, 402 W. WASHINGTON STREET, ROOM W382
INDIANAPOLIS, IN 46204-2739

Mr. James Cox
Regional Inspector General for Audit Services
Department of Health & Human Services
Office of Audit Services, Region V
233 North Michigan Avenue
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Chicago, IL 60601

Re: Draft Report A-05-10-00070 *Review of Indiana Medicaid Intraoral Radiographs Paid in Excess of Reimbursement Limits During the Period January 1, 2009, through December 31, 2009.*

Dear Mr. Cox:

The Indiana Office of Medicaid Policy & Planning (OMPP) appreciates the opportunity to comment on the aforementioned draft report. We have listed OIG's three recommendations below followed by our responses:

Recommendation #1: Refund \$88,047 to the Federal Government.

The OMPP has reviewed the above referenced OIG report and supporting detail of the OIG finding. The OMPP will refund \$88,047 on the CMS-64 for the quarter ending March 31, 2011.

Recommendation #2: Implement claims processing system edits to prevent unallowable Medicaid payments for intraoral radiographs billed in excess of the IAC reimbursement limits.

Based on the test results of audit report number A-05-09-00082, the OMPP implemented effective system edits for intraoral codes D0220 and D0230 on August 1, 2010 to prevent unallowable Medicaid payments that exceed IAC reimbursement limits. Please note Indiana is scheduled to install the National Correct Coding Initiative edits in October 2010, which will further prevent unallowable Medicaid payments.

Recommendation #3: Educate Medicaid dental providers regarding IAC reimbursement limits

The OMPP will develop provider educational materials regarding the appropriate billing for intraoral radiographs.

We appreciate the opportunity to comment on the draft report, and hope that you find our responses to be helpful to you in finalizing the report. Should you or your staff have any questions regarding this response letter, please contact Donna Rutherford at (317) 234-5287.

Sincerely,

/Patricia Casanova/
Director of Medicaid

