

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**ILLINOIS CLAIMED UNALLOWABLE
TELEMEDICINE PAYMENTS**



Amy J. Frontz
Deputy Inspector General
for Audit Services

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Office of Inspector General

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Report in Brief

Date: August 2020

Report No. A-05-18-00028

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Audit

Medicaid telemedicine services are health services delivered via telecommunication systems. A Medicaid patient at an originating site uses audio and video equipment to communicate with a health professional at a distant site. Before the COVID-19 public health emergency, Medicaid programs were seeing a significant increase in payments for telemedicine services and expect this trend to continue. This audit, conducted before the COVID-19 public health emergency, 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 Illinois made payments for Medicaid telemedicine services in accordance with Federal and State requirements.

How OIG Did This Audit

We reviewed 28,647 Medicaid fee-for-service telemedicine payments, totaling \$722,471 (\$455,769 Federal share), that Illinois made from January 1, 2016, through December 31, 2017. In addition, we reviewed a sample of 100 payments and contacted the billing providers for supporting documentation.

ILLINOIS CLAIMED UNALLOWABLE TELEMEDICINE PAYMENTS

WHAT OIG FOUND

Illinois made telemedicine payments that were not in accordance with Federal and State requirements and were therefore unallowable. Of the 28,647 Medicaid fee-for-service telemedicine payments in our population, 22,387 payments were allowable, but the remaining 6,260 payments were unallowable. For 6,205 unallowable payments, the same provider was paid for both the originating site and distant site fee. Fifty-three claims were inaccurately coded as both originating and distant site fees. The remaining two unallowable payments were payments for the same originating site fee in the same day. This noncompliance occurred because Illinois did not give providers formal training on telemedicine billing requirements or adequately monitor compliance. Based on our testing, we determined that Illinois made unallowable payments of \$198,124 (\$124,812 Federal share) during our audit period.

WHAT OIG RECOMMENDS AND ILLINOIS COMMENTS

We recommend that Illinois refund \$124,812 to the Federal Government, give providers formal training on telemedicine billing requirements, and enhance the monitoring of provider compliance by conducting periodic reviews of telemedicine payments for compliance with billing requirements.

In written comments on our draft report, Illinois concurred with our recommendations and described the actions that it has taken or plans to take to address them.

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INTRODUCTION

WHY WE DID THIS AUDIT

Generally, Medicaid telemedicine¹ services are health services delivered via telecommunication systems. Most uses of telemedicine in Medicaid involve a patient at an originating site using audio and video equipment to communicate with a health professional at a distant site.² In Illinois, Medicaid telemedicine provides evaluation and treatment between places of lesser and greater medical capability or expertise, or both.

Before the COVID-19 public health emergency, Medicaid programs saw a significant increase in payments for telemedicine services and expect this trend to continue. According to data covering the period January 1, 2016, through December 31, 2017, telemedicine expanded in Illinois, and the State's Medicaid payments for telemedicine services have recently increased. The response to COVID-19 necessitated the rapid expansion of telemedicine services nationwide and the use of telemedicine will likely continue. This audit, conducted before the COVID-19 public health emergency, 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.

OBJECTIVE

Our objective was to determine whether the Illinois Department of Healthcare and Family Services (State agency) made payments for Medicaid telemedicine services in accordance with Federal and State requirements.

BACKGROUND

Administration of the Medicaid Program and Telemedicine

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. In Illinois, the State agency administers its Medicaid program.

For purposes of Medicaid, telemedicine seeks to improve a patient's health by permitting two-way, real-time interactive communication between a patient at an originating site and a

¹ The terms Telemedicine and Telehealth are interchangeable for purposes of this report.

² See the "Federal And State Requirements" section of this report for definitions of "originating site" and "distant site."

provider at a distant site. States may claim Federal financial participation (FFP) for amounts expended as medical assistance under the State plan (Social Security Act (the Act) § 1903(a)).

Telemedicine Services in Illinois

Illinois Administrative Code, Title 89, section 140.403, defines telemedicine as the use of a telecommunication system to provide medical services for the purpose of evaluation and treatment when the patient is at one medical provider location and the rendering provider is at another location. The interactive telecommunication system must, at a minimum, be able to allow the consulting distant site provider to examine the patient sufficiently to allow proper diagnosis of the involved body system. The telecommunication system must also be able to transmit clearly audible heart tones and lung sounds, as well as clear video images of the patient and any diagnostic tools, such as radiographs.

Telemedicine Reimbursement in Illinois

The Medicaid statute does not specifically define telemedicine as a distinct service, and States have significant flexibility to establish telemedicine payment methodologies and requirements. In Illinois, to bill for telemedicine, providers must be licensed to practice medicine in Illinois or in the State where the participant is located.

The amount paid to the health professional delivering the medical service is the current fee schedule amount for the service provided. Distant site providers submit claims for telemedicine services using the appropriate code for the professional service along with the telemedicine modifier "GT." The originating site provider is eligible to receive only a facility fee for telemedicine services, billed using Healthcare Common Procedure Coding System (HCPCS) Code Q3014. Documentation in the medical records must be maintained at both the distant and originating sites to substantiate the service provided.

HOW WE CONDUCTED THIS AUDIT

Our audit covered 28,647 Medicaid fee-for-service telemedicine payments, totaling \$722,471 (\$455,769 Federal share), that the State agency made to providers from January 1, 2016, through December 31, 2017 (audit period). We tested all the payments by matching originating site fees with their corresponding distant site fees for each recipient and date of service. We categorized any unusual or duplicative billing issues that we noted. We also identified 8,472 distant site payments that did not have a corresponding originating site fee and 3,690 originating site payments that did not have a corresponding distant site fee. From those 12,162 payments, we performed additional testing by selecting a random sample of 100 site fees to determine whether the telemedicine payments were made in accordance with Federal and State requirements. We contacted the 33 providers that billed for the sample payments and obtained supporting documentation.

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.

FINDINGS

During the audit period, the State agency made telemedicine payments that were not in accordance with Federal and State requirements. Of the 28,647 Medicaid fee-for-service telemedicine payments in our audit period, 22,387 payments were allowable, but the remaining 6,260 payments were unallowable. For 6,205 of the unallowable payments, the same provider was paid for both the originating site fee and distant site fee. For 53 of the unallowable payments, they were inaccurately billed as both originating and distant site fees. The remaining two unallowable payments were duplicate payments for originating site fees for services provided on the same day. This noncompliance occurred because the State agency did not give providers formal training on telemedicine billing requirements or adequately monitor compliance. Based on our testing, we determined that the State agency made unallowable payments of \$198,124 (\$124,812 Federal share) during our audit period.

FEDERAL AND STATE REQUIREMENTS

FFP for expenditures is generally available under the State plan (42 CFR § 440.2(b)).

Telemedicine is the use of a telecommunication system to provide medical services for the purpose of evaluating and treating a patient who is at one medical provider location and the rendering provider is at another location (89 Ill. Admin. Code § 140.403(a)(9)).

The originating site is where the participant receiving the telehealth service is located (89 Ill. Admin. Code § 140.403(a)(6)). Originating site providers may receive reimbursement for a facility fee (89 Ill. Admin. Code § 140.403(c)(1)(A)) and bill HCPCS Code Q3014 (Telehealth originating site facility fee).³

The distant site is where the provider rendering the telehealth service is located (89 Ill. Admin. Code § 140.403(a)(2)). Providers rendering telemedicine and telepsychiatry services at the distant site must be reimbursed for the Current Procedural Terminology (CPT) code for the service rendered (89 Ill. Admin. Code § 140.403(c)(2)(A)). The

³ Illinois *Handbook for Practitioners Rendering Medical Services*, chapter A-200, "Policy and Procedures For Medical Services," section A-220.6.7.

appropriate CPT code is billed with modifier GT (via interactive audio/video telecommunication systems).⁴

THE STATE AGENCY MADE UNALLOWABLE TELEMEDICINE PAYMENTS

Of the 28,647 Medicaid fee-for-service telemedicine payments totaling \$722,471 (\$455,769 Federal share) in our audit period, the State agency made 22,387 payments totaling \$524,347 (\$330,957 Federal share) that were in accordance with Federal and State requirements and were allowable. However, the remaining 6,260 payments totaling \$198,124 (\$124,812 Federal share) were not made in accordance with Federal and State requirements and were therefore unallowable.

The State Agency Made 6,205 Payments That Were Not for Telemedicine Services

Of the 28,647 Medicaid fee-for-service telemedicine payments reviewed, 6,205 payments totaling \$196,784 (\$123,970 Federal share) related to services that do not appear to be telemedicine. For these payments, the State agency paid the same provider for both the originating site and the corresponding distant site claims. Contrary to requirements, it appears that patients were in the same location as the providers.

Payments made for an originating site and distant site on the same day, for the same recipient, should have different provider numbers. State officials agreed that the claims appear to be billing errors.

Providers Incorrectly Billed 53 Claims as Both Originating and Distant Site Services

Of the 28,647 Medicaid fee-for-service telemedicine payments reviewed, 53 payments totaling \$1,310 (\$826 Federal share) were for claims that were inaccurately coded as both originating site and distant site. The providers used the HCPCS code for originating site but listed the claims as “distant site” and included the GT modifier (distant site). The providers were paid the originating site fees. State officials do not know which type of claim occurred and attributed these errors to miscoding by providers.

Providers Billed for Two Claims Twice

Of the 28,647 Medicaid fee-for-service telemedicine payments reviewed, 2 payments totaling \$30 (\$15 Federal share) were for duplicate billings. These two unallowable payments were duplicate payments for originating site fees that occurred on the same day. State officials agreed that the providers billed twice in error.

⁴ Illinois *Handbook for Practitioners Rendering Medical Services*, chapter A-200, “Policy and Procedures For Medical Services,” section A-220.6.7.

THE STATE AGENCY DID NOT ADEQUATELY TRAIN AND MONITOR PROVIDERS

The State agency did not give providers formal training on telemedicine billing requirements and did not adequately monitor provider compliance. Telemedicine providers expressed confusion regarding the billing of originating and distant site fees. The concept of telemedicine was rather new during the audit period, and the providers mentioned vague guidance from State officials.

RECOMMENDATIONS

We recommend that the Illinois Department of Healthcare and Family Services:

- refund \$124,812 to the Federal Government,
- give providers formal training on telemedicine billing requirements, and
- enhance the monitoring of provider compliance by conducting periodic reviews of telemedicine payments for compliance with billing requirements.

STATE AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In written comments on our draft report, the State agency concurred with all the recommendations. Regarding recommendations 1 and 2, the State agency noted the implementation of edits for billing of the distant site service(s) and for recommendation 3 will add new edits for the originating site facility code to prevent a second payment to the same provider on the same date of service.

The State agency's comments are included in their entirety as Appendix C.

We recognize the corrective actions Illinois has implemented or plans to implement to address our recommendations. These corrective actions should provide improved compliance with telemedicine billing requirements.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our audit covered 28,647 Medicaid fee-for-service telemedicine payments, totaling \$722,471 (\$455,769 Federal share), that providers claimed and were reimbursed on the Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program from January 1, 2016, through December 31, 2017. We analyzed all the Medicaid fee-for-service payments to ensure that originating site fees had corresponding distant site fees for each recipient on every date of service.

We performed our audit fieldwork at the State agency offices in Springfield, Illinois, from June 2018 through February 2020. 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 Illinois' *Handbook for Practitioners Rendering Medical Services*;
- interviewed State officials and providers to gain an understanding of telemedicine in Illinois;
- analyzed all 28,647 Medicaid fee-for-service payments to ensure that originating site fees had corresponding distant site fees for each recipient on every date of service;
- reviewed 12,162 Medicaid fee-for-service payments that did not have a corresponding originating or distant site fee;
- contacted 33 providers to obtain documentation supporting originating and distant site claims;
- reviewed supporting documentation for the 100 randomly sampled payments to ensure that they were telemedicine services; 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

Section 1903(a) of the 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.”

STATE REQUIREMENTS

According to the Illinois Administrative Code, Title 89, section 140.403:

- Telemedicine is the use of a telecommunication system to provide medical services for the purpose of evaluating and treating a patient who is at one medical provider location and the rendering provider is at a different location.
- The originating site is the location at which the participant receiving the service is located and the distant site is the location at which the provider rendering the service is located.
- Medical records documenting the telehealth services provided must be maintained by the originating and distant sites.

The Illinois *Handbook for Practitioners Rendering Medical Services*, chapter A-200, “Policy and Procedures For Medical Services,” section A-220.6.7, states:

- Originating site providers may receive reimbursement for a facility fee for each telehealth service encounter. In order to receive reimbursement for the facility fee, originating site providers must bill HCPCS Code Q3014 (Telehealth originating site facility fee).
- Providers rendering the telemedicine and telepsychiatry services at the distant site shall be reimbursed the Department’s rate for the CPT code for the service rendered. The appropriate CPT code must be billed with modifier GT (via interactive

audio/video telecommunication systems). Enrolled distant site providers may not seek reimbursement from the Department for their services when the originating site is an encounter clinic. The originating site encounter clinic is responsible for reimbursement to the distant site provider.

APPENDIX C: STATE AGENCY COMMENTS



201 South Grand Avenue East
Springfield, Illinois 62763-0002

JB Pritzker, Governor
Theresa Eagleson, Director

Telephone: (217) 782-1200
TTY: (800) 526-5812

July 24, 2020

Department of Health and Human Services Office
of Audit Services, Region V
Attn: Sheri L. Fulcher, Regional Inspector General for Audit Services 223 North
Michigan Avenue, Suite 1360
Chicago, IL 60601

Re: Draft Audit Report A-05-18-00028

Dear Ms. Fulcher:

Thank you for providing the opportunity to comment on your draft audit report entitled “Illinois Claimed Unallowable Telemedicine Payments”.

The Department concurs with all the recommendations noted in the draft audit report. Regarding recommendations 1 and 2, the Department implemented edits in April 2017 to align with CMS’ new place of service “02” for billing of the distant site service(s). This should have prevented these two findings from occurring in more recent claims.

Regarding finding 3, payments for duplicate services, the Department will add new editing for the Q3014/originating site facility fee code to prevent a second payment to the same provider on the same date of service. This update will be implemented in the system by the end of July.

Many changes have been implemented to telehealth services during the COVID-19 public health crisis through flexibilities allowed via emergency administrative rule changes. The Department plans to use feedback and claiming data from this emergency period to create permanent administrative rule changes to govern the telehealth delivery model going forward. After performing enhanced monitoring of provider compliance submitted during this time and approval of the final administrative rules, the Department will provide detailed training on telehealth services to Illinois Medicaid providers. These services will continue to be closely monitored.

We appreciate the work completed by your audit team and the open lines of communication with HFS staff throughout this audit. If you have any questions or comments about our response to the audit, please contact Amy Lyons, External Audit Liaison, and (217) 558-4347 or through email at amy.lyons@illinois.gov.

Sincerely,

/Kelly Cunningham/ Kelly

Cunningham
Acting, Medicaid Administrator

E-mail: hfs.webmaster@illinois.gov

Internet: <http://www.hfs.illinois.gov/>

Medicaid Telemedicine in Illinois (A-05-18-00028)

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