



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of Inspector General

Office of Audit Services  
1100 Commerce, Room 632  
Dallas, Texas 75242

June 29, 2005

Report Number: A-06-04-00083

Ms. Marti Mahaffey  
Executive Vice President and COO  
TrailBlazer Health Enterprises, LLC  
8330 LBJ Freeway, Executive Center 3  
Dallas, Texas 75243

Dear Ms. Mahaffey:

Enclosed are two copies of the Department of Health and Human Services (HHS), Office of Inspector General (OIG) final report entitled "Audit of Texas Physician Medicare Claims for Care Plan Oversight Services in Excess of \$150 Paid During the 2-Year Period Ended December 31, 2002." A copy of this report will be forwarded to the action official noted below for his review and any action deemed necessary.

Final determination as to actions taken on all matters reported will be made by the HHS action official named below. We request that you respond to the HHS action 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.

In accordance with the principles of the Freedom of Information Act (5 U.S.C. § 552, as amended by Public Law 104-231), OIG reports issued to the department's grantees and contractors are made available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act which the department chooses to exercise. (See 45 CFR Part 5.)

If you have any questions or comments about this report, please do not hesitate to call me at 214-767-8414 or through e-mail at [gordon.sato@oig.hhs.gov](mailto:gordon.sato@oig.hhs.gov), or contact Sam Patterson, Audit Manager, at 405-605-6179 or through e-mail at [sam.patterson@oig.hhs.gov](mailto:sam.patterson@oig.hhs.gov).

To facilitate identification, please refer to report number A-06-04-00083 in all correspondence relating to this report.

Sincerely yours,

A handwritten signature in black ink that reads "Gordon L. Sato".

Gordon L. Sato  
Regional Inspector General  
for Audit Services

Enclosures-as stated

**Direct Reply to HHS Action Official:**

James R. Farris, MD  
Regional Administrator  
Centers for Medicare and Medicaid Services  
1301 Young Street, Room 714  
Dallas, Texas 75202-4348

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**AUDIT OF TEXAS PHYSICIAN  
MEDICARE CLAIMS FOR CARE PLAN  
OVERSIGHT SERVICES IN EXCESS  
OF \$150 PAID DURING THE 2-YEAR  
PERIOD ENDED DECEMBER 31, 2002**



**JUNE 2005  
A-06-04-00083**

# *Notices*

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**THIS REPORT IS AVAILABLE TO THE PUBLIC**  
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In accordance with the principles of the Freedom of Information Act (5 U.S.C. 552, as amended by Public Law 104-231), Office of Inspector General, Office of Audit Services reports are made available to members of the public to the extent the information is not subject to exemptions in the act. (See 45 CFR Part 5.)

## **OAS FINDINGS AND OPINIONS**

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**

#### **Physician Care Plan Oversight Services**

Physicians provide Care Plan Oversight (CPO) services on behalf of Medicare beneficiaries who are receiving either home health care or hospice care. There are basically two types of CPO services. One type involves the supervision time a physician spends developing and revising home health plans of care; reviewing patient status reports and other beneficiary medical information; and communicating with other health professionals about a patient's home health or hospice care. The other type of CPO service is the physician's initial determination that a patient needs home health care services or continues to need those services.

#### **Physician CPO Supervision Services**

The Medicare program provides for reimbursement to physicians for the time they spend supervising patients who are under the care of home health agencies (HHAs) or hospices. According to Medicare requirements, the supervision services can only be billed for patients requiring complex or multidisciplinary care and regular physician involvement. Physicians can bill for only one supervision service per calendar month for each patient, and the aggregate time of the service must be at least 30 minutes.

#### **Physician CPO Home Health Certification and Recertification Services**

Medicare also reimburses physicians for services related to the certification or recertification of a patient's home health plan of care. The initial certification period covers 60 days. After that, a physician may bill for the recertification of a patient's home health plan of care once every 60 days, except in rare situations.

### **OBJECTIVE**

Our audit objective was to determine if the amounts paid to two Texas physicians, who were reimbursed more than \$150 per claim for CPO services provided during our audit period, met Medicare reimbursement requirements.

### **SUMMARY OF FINDINGS**

Two Texas physicians billed and were improperly paid \$15,897 for 236 CPO services on 9 CPO claims. The 9 claims contained a total of 239 CPO services for home health supervision, certification, and recertification services. None of the 236 services met Medicare reimbursement requirements because the physicians:

- did not provide 230 of the services and

- did not have supporting documentation for the remaining 6 services.

In addition, when TrailBlazer paid these CPO claims, it did not have claim-processing system edits in place to ensure that only one service was billed on each claim. Since then, TrailBlazer has implemented such edits to reduce two or more billed CPO services to one service on each claim. After these edits were in place, we did not identify any additional overpayments for excessive CPO services during our audit period.

## **RECOMMENDATIONS**

We recommend that TrailBlazer:

- recover the \$15,897 of overpayments made to the two physicians included in our review for the physician CPO services improperly billed to Medicare;
- review physician CPO service claims paid after our audit period to ensure that its claim-processing system edits have continued to prevent improper payments for excessive CPO services; and
- continue its efforts, through various forms of provider communication, to provide physicians with education covering Medicare's requirements for billing and documenting CPO services.

## **AUDITEE'S COMMENTS**

In their written response to our draft report, TrailBlazer officials stated that they agreed with our findings related to the CPO services. They initiated recovery efforts and collected all of the overpayments identified in our review. TrailBlazer officials are currently reviewing data for CPO services paid during October 2004 through March 2005 to ensure that the CPO edits continue to be effective. If any vulnerabilities are identified, they will be addressed through corrective action. TrailBlazer officials are providing a variety of tools and services to educate providers regarding CPO and other services. The complete text of TrailBlazer officials' written comments is included in the APPENDIX to this report.

## INTRODUCTION

### BACKGROUND

Medicare, established under Title XVIII of the Social Security Act, is a health insurance program that provides health coverage for people age 65 and over, people who have permanent kidney failure, and certain people with disabilities. The Centers for Medicare & Medicaid Services (CMS) contracts with carriers that administer the Medicare Part B program, which covers physician services including Care Plan Oversight (CPO) services. TrailBlazer Health Enterprises, LLC (TrailBlazer), serves as the Medicare carrier for the State of Texas and processed the CPO claims included in our review.

### Explanation of Physician CPO Services

Physicians provide CPO services on behalf of Medicare beneficiaries who are receiving either home health care or hospice care. There are basically two types of CPO services. One type involves the supervision time a physician spends in developing and revising home health plans of care; reviewing patient status reports and other beneficiary medical information; and communicating with other health professionals about the patient's home health or hospice care. The other type of CPO service is the physician's determination that a patient needs home health care services or continues to need those services.

Effective January 1, 2001, there were four HCFA (currently known as CMS) Common Procedure Coding System (HCPCS) codes for CPO services covered by the Medicare program:

Code	CPO Services Covered
G0181	Physician <b>supervision</b> for home health
G0182	Physician <b>supervision</b> for hospice
G0180	Physician <b>certification</b> for home health
G0179	Physician <b>recertification</b> for home health

Physicians assigned one of these codes to the CPO services they provided and were reimbursed by Medicare based on these codes.

### Physician CPO Supervision Services

The Medicare program reimburses physicians for the time they spend supervising patients who are under the care of home health agencies (HHAs) or hospices. According to Medicare requirements, the supervision services can only be billed for patients requiring complex or multidisciplinary care and regular physician involvement. Implicit in the CPO services concept is the expectation that the physician coordinated an aspect of the patient's care with the HHA or hospice during the period for which CPO services were billed. Physicians can bill for only one supervision service per calendar month for each patient, and the aggregate time of the service must be at least 30 minutes.

Supervision services may be paid in addition to any services the physician provides directly to a patient in a calendar month.

### **Physician CPO Home Health Certification and Recertification Services**

Medicare also reimburses physicians for CPO services related to the certification or recertification of a patient's home health plan of care. These services include the physician's (1) review of the initial or subsequent reports of a patient's status that the HHA provides to the physician, (2) review of the patient's responses to the Outcome and Assessment Information Set prepared by the HHA, (3) contact with the HHA to ascertain the implementation of the initial plan of care, and (4) documentation of the services provided in the patient's office record. The initial certification period covers 60 days. After that, a physician may bill for the recertification of a patient's home health plan of care once every 60 days, except in rare situations.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

### **Objective**

Our audit objective was to determine if the amounts paid to two Texas physicians, who were reimbursed more than \$150 per claim for CPO services provided during our audit period, met Medicare reimbursement requirements.

### **Scope**

We reviewed the home health-related CPO service claims exceeding \$150 in a calendar month that TrailBlazer paid to two physicians during the 2-year period ended December 31, 2002. We did not review any hospice-related CPO claims for physician supervision because none of the physicians were paid more than \$150 in a calendar month for these services during our audit period.

We performed our fieldwork at the physicians' offices in Arlington and McAllen, Texas, and the related HHAs' offices in Texas during May and June 2004. We met with CMS and TrailBlazer officials in Dallas, Texas, on September 23, 2004, to discuss the results of our audit work.

We did not assess Trailblazer's overall internal control structure. We limited our internal control review to obtaining an understanding of those TrailBlazer claim-processing system edits designed to detect incorrectly billed quantities of CPO services.

### **Methodology**

To accomplish our objectives, we:

- reviewed criteria related to the reimbursement of Medicare CPO services;



- identified nine paid claims, each of which exceeded \$150 per claim, that totaled \$16,059 and consisted of (1) four claims totaling \$7,982 for supervision of home health services and (2) five claims totaling \$8,077 for home health certification and recertification services;
- obtained documentation from the Medicare Common Working File to verify, if applicable, that (1) supervision services were furnished during the period in which the beneficiary was receiving Medicare-covered HHA services and that a face-to-face encounter occurred between the physician and the patient within six months preceding the CPO service, and (2) certification and recertification services were provided by a Medicare participating agency;
- determined the names and related information for the nine beneficiaries in our claims, and identified the corresponding physicians and HHAs;
- obtained documentation, if applicable, such as plans of care, physician notes and orders (during the plan of care period), and progress reports (six months prior to the plan of care) from HHAs;
- interviewed physicians and obtained documentation of the beneficiaries' medical records, if applicable, related to the CPO claims; and
- discussed with TrailBlazer officials and medical staff the CPO billing requirements, system edits for processing CPO claims, applicable guidelines they issued related to CPO services, and OIG findings for each claim.

We conducted our review in accordance with generally accepted government auditing standards. We did not issue separate reports to the two physicians. We are providing this report to TrailBlazer for proper disposition of the overpayment amounts related to the nine claims included in our review. We provided TrailBlazer with a detailed schedule that identified the amounts to be recovered.

## **FINDINGS AND RECOMMENDATIONS**

Two Texas physicians billed and were improperly paid \$15,897 for 236 CPO services on 9 CPO claims. The 9 claims contained a total of 239 CPO services for home health supervision, certification, and recertification services. None of the 236 services met Medicare reimbursement requirements because the physicians:

- did not provide 230 of the services and
- did not have supporting documentation for the remaining 6 services.

In addition, when TrailBlazer paid these CPO claims, it did not have claim-processing system edits in place to ensure that only one service was billed on each claim. Since then, TrailBlazer has implemented such edits to reduce two or more billed CPO services to one service on each claim. After these edits were in place, we did not identify any additional overpayments for excessive CPO services during our audit period.

## **CRITERIA THE PHYSICIANS ARE REQUIRED TO FOLLOW**

### **Supervision Services Performance and Documentation Requirements**

The Medicare Carriers Manual (MCM) Part 3 contains the billing requirements for CPO supervision services rendered by physicians. Physicians provide CPO supervision services to beneficiaries who are receiving services from a HHA or hospice under a plan of care. The Medicare coverage for this type of service became effective January 1, 1995.

The MCM Part 3, Chapter XV (Fee Schedule for Physicians' Service), Section 15513(B) (Requirements for Payment), provides that physicians can bill and be paid separately for CPO supervision services only if 12 Medicare requirements are met. Two of these requirements are that the physician must:

- furnish at least 30 minutes of CPO within the calendar month for which payment is claimed, and
- document the time accumulated for these services in the patient's medical records.

### **Home Health Certification and Recertification Services Billing and Documentation Requirements**

According to the Federal Register (65 FR 65408), HHA certification and recertification services are billable once for a patient's home health certification period, and once for every recertification period. CMS established the physicians' documentation requirements for these services in the Level II HCPCS code definitions. The Level II HCPCS code definitions for certification services during 2001 and 2002, and for recertification services during 2002, stated that there should be documentation in the patient's office record per certification period to support the services rendered and billed.

The 2001 HCPCS code definition for recertification did not contain clearly defined documentation requirements. However, Section 1833(e) of the Social Security Act requires Medicare services to be documented in order for payment to be made. This section of the act was in effect for all of 2001 and 2002 for both certification and recertification documentation requirements.

## **RESULTS OF NOT FOLLOWING THE REQUIRED CRITERIA**

### **Physician Did Not Provide Nor Document Supervision Services**

One of the 2 physicians included in our review billed Medicare for a total of 88 CPO supervision services provided in August 2001 on behalf of 4 different patients. This physician did not provide 84 of the services billed and did not have supporting documentation for the remaining 4 services.

### **Physician Did Not Provide Nor Document Home Health Certification and Recertification Services**

The other physician included in our review billed Medicare for 151 CPO home health certification and recertification services, provided during 2001, on 5 claims. This physician did not provide 146 of the services and did not have the required supporting documentation for 2 additional services. We were able to accept the physician's documentation for only 3 of the 151 services.

## **WHY THE ERRORS OCCURRED**

### **Computer Software Problems Appeared to be the Primary Reason**

We discussed the billing errors identified in our review with either one of the two physicians or their staff. The following is a summary of their comments:

- The staff of the physician who improperly billed for the 88 CPO supervision services stated that the office's computer software program automatically increased the service period from 1 day to a range of days on each claim. This computer software problem resulted in a significant increase in the number of services billed to Medicare. This physician also stated that he did not know about Medicare's requirements for documenting CPO supervision services. As a result, he did not properly document the services in the patients' medical records.
- The physician who billed for the certification and recertification services stated that either a former employee erroneously billed between 29 and 30 services on each of the 5 claims, or a billing software problem occurred. Regarding the lack of documentation related to two patients' claims, this physician explained that at the time he certified the plans of care, both Medicare beneficiaries were his patients. However, he had no medical record in his office for one patient and he could not locate his certification and recertification logs for the other patient.

## **TrailBlazer System Edits Were Not in Place to Prevent Overpayments**

When TrailBlazer processed and paid the nine claims for CPO services included in our review, it did not have claim-processing system edits in place to identify the excessive number of services billed on the claims submitted by the two physicians. The system edits were designed to allow for payment of only one CPO service on each claim. According to a TrailBlazer official, TrailBlazer put system edits in place for the CPO supervision codes and certification and recertification codes effective on March 1, 2002, and May 14, 2002, respectively. After these effective dates, we did not identify any excessive CPO service payments for any Texas physician for the remainder of calendar year 2002.

## **EFFECT ON THE MEDICARE PROGRAM**

The two physicians included in our review improperly billed and received a total of \$15,897 for Medicare services that did not meet Medicare reimbursement requirements. We met with TrailBlazer officials in September 2004 to discuss our findings and the medical records the physicians and HHAs provided to us. A TrailBlazer Part B medical review supervisor reviewed copies of the patients' medical records for each of the nine claims and agreed with our findings. Another TrailBlazer official stated that access to provider education material concerning CPO supervision, certification, and recertification services was available to physicians through TrailBlazer's Web site.

## **RECOMMENDATIONS**

We recommend that TrailBlazer:

- recover the \$15,897 of overpayments made to the two physicians included in our review for the physician CPO services improperly billed to Medicare;
- review physician CPO service claims paid after our audit period to ensure that its claim-processing system edits have continued to prevent improper payments for excessive CPO services; and
- continue its efforts, through various forms of provider communication, to provide physicians with education covering Medicare's requirements for billing and documenting CPO services.

## **AUDITEE'S COMMENTS**

In their written response to our draft report, TrailBlazer officials stated that they agreed with our findings related to the CPO services. They initiated recovery efforts and collected all of the overpayments identified in our review. TrailBlazer officials are currently reviewing data for CPO services paid during October 2004 through March 2005 to ensure that the CPO edits continue to be effective. If any vulnerabilities are identified,

they will be addressed through corrective action. TrailBlazer officials are providing a variety of tools and services to educate providers regarding CPO and other services. The complete text of TrailBlazer officials' written comments is included in the APPENDIX to this report.

## **APPENDIX**



8330 LBJ Freeway  
Executive Center III  
Dallas, Texas 75243-1213

Mark Mahaffey  
President &  
Chief Operating Officer

June 14, 2005

Mr. Gordon L. Sato  
Regional Inspector General for Audit Services  
Office of Inspector General  
1100 Commerce Street  
Room 632  
Dallas, Texas 75242

Re: CIN: A-06-04-00083

Dear Mr. Sato:


In response to your draft audit report *Audit of Texas Physician Medicare Claims for Care Plan Oversight Services in Excess of \$150 Paid during the 2-Year Period Ended December 31, 2002*, we appreciate the opportunity to provide our comments for your consideration. We support your efforts highlighting the vulnerabilities associated with processing this specific type of Medicare claims and agree with your findings and recommendations. For the specific overpayments identified in your review, recovery efforts were initiated, and all the overpayments identified have been collected. We are currently reviewing data for Care Plan Oversight (CPO) services paid during October 2004 through March 2005 to ensure that the CPO edits continue to be effective. Any vulnerabilities identified will be addressed through corrective action.

Regarding our education efforts, our Provider Outreach and Education department is committed to providing comprehensive education to the provider community. CPO is included in the Primary Care sessions conducted throughout all the regions we serve. Recognizing the need to address the service on an as needed basis, an audio Primary Care PowerPoint was created and placed on the TrailBlazer web site as a continuously available and easy to use information tool for providers to reference at their convenience. In addition, we provide other tools and educational services to providers related to CPO and other services including:

- The Primary Care manual is also on the web site with information about CPO. As information changes and becomes available, the manual is revised and the updated version is noted.
- A web-based training session was conducted in January 2005 by our Provider Relations staff during which providers were able to ask questions throughout the presentation via Centra conferencing.
- Ask-The-Contractor is conducted throughout the regions we serve; it encourages the providers to ask questions affecting their practice and also keeps the providers updated on any changes and issues of concern.
- In December, the Provider Outreach and Education department also conducted internal training to the Provider Contact Center staff to ensure consistency of education to the external customer. Education continues as appropriate to the audience.

Again, we appreciate this opportunity to provide our comments. If you have any questions, please let me know.

Sincerely,



Marti Mahaffey  
President and Chief Operating Officer

Cc: James Randolph Farris, M.D., CMS  
John Delaney, CMS