



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Office of Audit Services, Region VII
601 East 12th Street, Room 0429
Kansas City, MO 64106

August 23, 2010

Report Number: A-07-10-01086

Ms. Vivianne M. Chaumont
Director, Division of Medicaid & Long-Term Care
Department of Health & Human Services
301 Centennial Mall South
Lincoln, NE 68509

Dear Ms. Chaumont:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled *Review of Nebraska Medicaid Payments for Home Health Agency Claims Paid to First Care Home Health of Eastern Nebraska, Inc.* 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-07-10-01086 in all correspondence.

Sincerely,

/Patrick J. Cogley/
Regional Inspector General
for Audit Services

Enclosure

HHS Action Official:

Ms. Jackie Garner
Consortium Administrator
Consortium for Medicaid and Children's Health Operations
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
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Department of Health & Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF NEBRASKA MEDICAID
PAYMENTS FOR HOME HEALTH
AGENCY CLAIMS PAID TO
FIRST CARE HOME HEALTH OF
EASTERN NEBRASKA, INC.**



Daniel R. Levinson
Inspector General

August 2010
A-07-10-01086

Office of Inspector General

<http://oig.hhs.gov>

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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.

EXECUTIVE SUMMARY

BACKGROUND

Pursuant to Title XIX of the Social Security 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. In Nebraska, the Department of Health & Human Services (State agency) administers the State's Medicaid program in accordance with its CMS-approved State plan.

A home health agency (HHA) provides skilled nursing services, home health aide services, and medical supplies and equipment to Medicaid recipients. Nebraska Administrative Code 471, section 9-002.02, states that all home health services must be necessary to a continuing medical treatment plan, prescribed by a licensed physician, and recertified by the licensed physician every 60 days. In addition, Nebraska Administrative Code 471, section 2-001.03, requires that HHAs submit claims which are true, accurate, and complete, and maintain records on all services provided for which a claim has been made. HHAs submit claims to the State agency in order to receive compensation for the services they provide to Medicaid recipients.

The responsibilities of the State agency include processing and monitoring HHA claims. As part of its monitoring responsibilities, the State agency has controls in place to ensure that payment limitations, such as a daily payment cap on nursing services and limits on therapy services, are not exceeded. If a problem or concern is identified, the State agency reviews a provider's supporting documentation to ensure that the payment is appropriate. The State agency then submits to CMS its Medicaid expenditures for the Federal share of its claimed costs.

First Care Home Health of Eastern Nebraska, Inc. (First Care), is an HHA based in Lincoln, Nebraska. For the period July 1, 2008, through June 30, 2009, the State agency claimed \$2,808,826 (\$1,822,039 Federal share) for HHA services that First Care provided.

OBJECTIVE

Our objective was to determine whether the State agency claimed costs for HHA services provided by First Care in accordance with Federal and State requirements.

RESULTS OF REVIEW

For our review of the 100 claims in our sample, we determined that the State agency claimed costs for HHA services provided by First Care in accordance with Federal and State requirements. Specifically, First Care (1) maintained medical records supporting all services performed and (2) ensured that the services were performed as authorized in the physicians' signed plans of care.

This report makes no recommendations.

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INTRODUCTION

BACKGROUND

Medicaid Program and Home Health Agency Services

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.

Section 1905 of the Act authorizes State Medicaid agencies to provide home health agency (HHA) services to Medicaid recipients. Pursuant to 42 CFR § 440.70, these services include skilled nursing services, home health aide services, and medical supplies and equipment. In addition, the HHA services may also include physical therapy, occupational therapy, or speech pathology and audiology services.

Nebraska Department of Health & Human Services

In Nebraska, the Department of Health & Human Services (State agency) administers the State's Medicaid program. During the period July 1, 2008, through June 30, 2009 (our audit period), the State agency paid approximately 21,000 Medicaid claims for HHA services.

The responsibilities of the State agency include processing and monitoring HHA claims. As part of its monitoring responsibilities, the State agency has controls in place to ensure that payment limitations, such as a daily payment cap on nursing services and limits on therapy services, are not exceeded. If a problem or concern is identified, the State agency reviews a provider's support to ensure that the payment is appropriate.

On a quarterly basis, the State agency submits to CMS its standard Form CMS-64, Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (CMS-64 report), to summarize, by category of service, Medicaid expenditures for Federal reimbursement. CMS reimburses the State agency the Federal share of the State agency's claimed costs, based on the Federal medical assistance percentage (FMAP). The State of Nebraska's FMAP for the period July 1, 2008, through September 30, 2008, was 58.02 percent. The American Recovery and Reinvestment Act of 2009, P.L. No. 111-5 (Recovery Act), enacted February 17, 2009, authorized the States to receive a higher FMAP. For the period October 1, 2008, through March 31, 2009, the State of Nebraska's FMAP was increased to 65.74 percent under the provisions of the Recovery Act. For the period April 1, 2009, through June 30, 2009, the State of Nebraska's FMAP was increased to 67.79 percent under these same provisions.

Nebraska Home Health Agency Services

Nebraska Administrative Code 471, section 9-002.02, states that all home health services must be necessary to a continuing medical treatment plan, prescribed by a licensed physician, and recertified by the licensed physician every 60 days. In addition, Nebraska Administrative Code 471, section 9-002.04, requires HHAs to maintain clinical records that include a plan of care for each client, signed by the physician responsible for that client's care.

HHAs submit claims to the State agency in order to receive compensation for the services they provide to Medicaid recipients. Payments for HHA claims are made on a per-visit basis, whereby a visit is defined as consisting of 1 to 8 units and each unit is 15 minutes long. (Services which require more than 8 units of service are paid for on an hourly basis.) Nebraska Administrative Code 471, section 2-001.03, requires that HHAs submit claims which are true, accurate, and complete, and maintain records on all services provided for which a claim has been made. HHAs submit claims covering a period of time to the State agency; each claim may contain multiple types of services.

For the period July 1, 2008, through June 30, 2009, the State agency claimed services totaling approximately \$23.1 million (approximately \$14.9 million Federal share) for all HHA services.

First Care Home Health of Eastern Nebraska, Inc.

First Care Home Health of Eastern Nebraska, Inc. (First Care), is an HHA based in Lincoln, Nebraska. For the period July 1, 2008, through June 30, 2009, the State agency claimed \$2,808,826 (\$1,822,039 Federal share) for HHA services that First Care provided.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether the State agency claimed costs for HHA services provided by First Care in accordance with Federal and State requirements.

Scope

We reviewed claims for HHA services totaling \$2,808,826 (\$1,822,039 Federal share) that First Care received from the State agency as reimbursement for the period July 1, 2008, through June 30, 2009.

We did not review the State agency's overall internal control structure because our objective did not require us to do so. We did not review the HHA claims in our simple random sample (discussed below) to determine medical necessity. We limited our internal control review to those controls related directly to processing and monitoring HHA claims.

We conducted our fieldwork from March through June 2010 at the State agency and at First Care's Lincoln, Nebraska, location.

Methodology

To accomplish our objective, we:

- reviewed Federal and State laws, regulations, and other requirements regarding Medicaid reimbursement for HHA services, as well as the Nebraska State plan;
- interviewed officials at the State agency to gain an understanding of how they administer and monitor the Medicaid HHA program;
- reconciled the State agency's electronic claims data to the CMS-64 reports for the period July 1, 2008, through June 30, 2009;
- selected a simple random sample of 100 HHA claims from First Care, totaling \$275,772 (\$178,989 Federal share);
- obtained and reviewed the supporting documentation for each sampled claim to determine the allowability of the services claimed;
- provided the results of our review and discussed those results with officials from First Care on March 29, 2010; and
- provided the results of our review and discussed those results with State agency officials on June 3, 2010.

The appendix details our sampling methodology.

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 objective.

RESULTS OF REVIEW

For our review of the 100 claims in our sample, we determined that the State agency claimed costs for HHA services provided by First Care in accordance with Federal and State requirements. Specifically, First Care (1) maintained medical records supporting all services performed and (2) ensured that the services were performed as authorized in the physicians' signed plans of care.

This report makes no recommendations.

APPENDIX

APPENDIX: SAMPLE DESIGN AND METHODOLOGY

POPULATION

The population consisted of claims representing home health agency (HHA) services provided by First Care Home Health of Eastern Nebraska, Inc. (First Care), for claims paid for the period July 1, 2008, through June 30, 2009.

SAMPLING FRAME

The sampling frame is a database of claim records consisting of 1,057 claims totaling \$2,808,826 (\$1,822,039 Federal share) for home health services paid to the provider First Care during the period July 1, 2008, through June 30, 2009.

SAMPLE UNIT

The sampling unit is one Medicaid paid claim.

SAMPLE DESIGN

We used a simple random sample.

SAMPLE SIZE

We selected 100 sample units (paid claims).

SOURCE OF RANDOM NUMBERS

We generated the random numbers with the Office of Inspector General, Office of Audit Services, statistical software (RAT-STATS).