

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**COLORADO CLAIMED SOME
UNALLOWABLE MEDICAID
PAYMENTS FOR TARGETED CASE
MANAGEMENT SERVICES**

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Office of Inspector General

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Report in Brief

Date: April 2018

Report No. A-07-16-03215

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



Why OIG Did This Review

Targeted Case Management (TCM) services assist specific State-designated Medicaid groups in gaining access to medical, social, educational, and other types of services. Previous OIG reviews found that some States did not always claim Federal Medicaid reimbursement for TCM services in accordance with Federal and State requirements.

Our objective was to determine whether Colorado claimed Federal Medicaid reimbursement for TCM services during Federal fiscal years (FYs) 2014 and 2015 in accordance with Federal and State requirements.

How OIG Did This Review

We reviewed documentation for 150 randomly selected TCM paid claims from the developmental disability and early intervention target group (Colorado's largest target group for TCM services) to determine whether the services provided were allowable, case managers providing services were qualified to do so, and recipients receiving services were eligible. We also reviewed payment rates to determine whether they matched the established fee scheduled for the period.

Our review compared TCM claims documentation provided by Colorado to applicable Federal regulations and the State plan amendment governing Colorado's TCM program.

Colorado Claimed Some Unallowable Medicaid Payments for Targeted Case Management Services

What OIG Found

Colorado claimed Federal Medicaid reimbursement of at least \$4.2 million (almost \$2.2 million Federal share) for unallowable TCM payments during FYs 2014 and 2015. Colorado paid TCM providers and claimed unallowable Federal Medicaid reimbursement because its policies and procedures did not ensure that those providers complied with Federal and State requirements for documenting case managers' qualifications, documenting and claiming TCM services, and for maintaining documentation related to determinations of recipients' eligibility for TCM services.

Of the 150 randomly sampled TCM claims we reviewed, 49 claims had at least 1 error related to provider qualifications (43 claims), unsupported services (10 claims), unallowable services (5 claims), or unsupported recipient eligibility determinations (3 claims). (Some claims had more than one error.)

What OIG Recommends

We recommend that Colorado refund approximately \$2.2 million to the Federal Government for unallowable TCM claims during FYs 2014 and 2015. We further recommend that Colorado strengthen its policies and procedures to ensure that: TCM providers maintain documentation to document that case managers are qualified to perform TCM services, TCM providers maintain documentation to support the TCM services provided, it does not pay TCM providers or claim Federal reimbursement for services that are not TCM services, and TCM providers maintain documentation for eligibility determinations for recipients of TCM services.

Colorado agreed that TCM providers did not keep appropriate documentation. Colorado also provided additional comments concerning each recommendation, to include descriptions of corrective actions that it had taken or planned to take, as well as additional documentation for some of the sampled TCM claims identified as errors in our draft report. Colorado did not concur with our recommendations that providers maintain documentation of case managers' qualifications and of eligibility determinations.

After reviewing Colorado's comments and the additional documentation that Colorado provided, we revised, for this final report, the number of errors we identified. Accordingly, we revised our statistical estimate and the dollar amount conveyed in our first recommendation. We maintain that our findings and recommendations, as revised, are valid.

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INTRODUCTION

WHY WE DID THIS REVIEW

Case management services assist Medicaid recipients in gaining access to medical, social, educational, and other types of services. When these services are furnished to one or more specific populations within a State, they are known as Targeted Case Management (TCM) services. During Federal fiscal years (FYs) 2014 and 2015, the Colorado Department of Health Care Policy and Financing (State agency) claimed \$47.9 million (\$24.2 million Federal share) for TCM services. Previous Office of Inspector General reviews (Appendix B) found that some States did not always claim Federal Medicaid reimbursement for TCM services in accordance with Federal and State requirements.

OBJECTIVE

Our objective was to determine whether the State agency claimed Federal Medicaid reimbursement for TCM services during FYs 2014 and 2015 in accordance with Federal and State requirements.

BACKGROUND

Medicaid Program

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.

States use the standard Form CMS-64, Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (CMS-64 report), to report actual Medicaid expenditures for each quarter. CMS uses the CMS-64 reports to reimburse States for the Federal share of Medicaid expenditures. The amounts that States report on the CMS-64 report and its attachments must be actual expenditures with supporting documentation. The amount that the Federal Government reimburses to State Medicaid agencies, known as Federal financial participation (FFP) or Federal share, is determined by the Federal medical assistance percentage (FMAP), which varies based on a State's relative per capita income. Although FMAPs are adjusted annually for economic changes in the States, Congress may increase or decrease FMAPs at any time. During our audit period, Colorado's FMAP ranged from 50.00 percent to 51.01 percent.

Medicaid Coverage of Targeted Case Management Services

The Social Security Act (the Act) authorizes State Medicaid agencies to provide case management services to Medicaid recipients (§ 1905(a)(19)). Furthermore, the Act defines case management services as “services that will assist individuals eligible under the [State] plan in gaining access to needed medical, social, educational, and other services” (§ 1915(g)(2)).

Federal regulations (42 CFR § 440.169(b)) refer to case management services as TCM services when they are furnished to specific populations in a State. Federal regulations state that allowable TCM services include assessment of an individual to determine service needs, development of a specific care plan, referral and related activities to help the individual obtain needed services, and monitoring and followup activities (42 CFR § 440.169(d)). However, Federal regulations also state that TCM services do not include the direct delivery of the underlying medical, educational, social, or other services to which the Medicaid-eligible individual has been referred, including services such as providing transportation (42 CFR § 441.18(c)).

The CMS *State Medicaid Manual* states that FFP is not available for the specific services needed by an individual as identified through case management activities unless they are separately reimbursable under Medicaid. Also, FFP is not available for the cost of the administration of the services or programs to which recipients are referred (CMS *State Medicaid Manual* § 4302.2(G)(1)).

Colorado Medicaid Program and Targeted Case Management

In Colorado, the State agency administers the provision and payment of Medicaid services. The State agency uses the Medicaid Management Information System (MMIS), a computerized payment and information reporting system, to process and pay Medicaid claims.

The Colorado State plan includes, as an amendment, a Supplement that addresses the provision of TCM services (TCM State plan amendment) and that designates four target groups to receive TCM services:

- persons with one or more developmental disabilities (including those persons in an early intervention (EI) program),
- first-time pregnant women and their first babies up to the child’s second birthday,
- school health services benefits and eligible providers, and
- TCM services for substance abuse treatment.

For each target group, the TCM State plan amendment contains information about, among other things, case management provider qualifications, allowable TCM services, and recipient eligibility requirements.

In general, the State agency receives bills for TCM services from Medicaid providers, reviews and pays those bills, and claims Federal reimbursement on the CMS-64 reports. More specifically, all TCM services are billed using a 15-minute unit of service, with the exception of TCM services for substance abuse treatment, which are billed using a 30-minute unit of service, and the school health services program, for which the State agency absorbs the cost of case management activities in the provider direct service cost pool.¹

The State agency's TCM payment rates are based on a fee schedule and vary by the type of TCM service being performed as well as the type of provider performing the service. The State agency can, with CMS's approval, increase the payment rates periodically by amounts commensurate with the rate of inflation.

Targeted Case Management Services to Individuals With Developmental Disabilities

The State agency provides TCM services to the developmentally disabled through Community Centered Boards (CCBs), which are private, for-profit or not-for-profit, corporations designated on an annual basis by the State agency to serve the needs of individuals with developmental disabilities. Because, as discussed just below, TCM services provided to the developmental disability and EI target group represent the vast majority of the TCM claims for our audit period, we refer to the CCBs for this report as "TCM providers."

HOW WE CONDUCTED THIS REVIEW

We reviewed a stratified random sample totaling 150 TCM paid claims from the developmental disability and EI target group.² This target group represented 98 percent of all TCM claims in Colorado in FYs 2014 and 2015. We obtained and reviewed documentation for each TCM service provided to determine whether the claims complied with applicable Federal and State requirements.

We obtained and reviewed case notes that documented the services provided, recipient eligibility documentation, and provider qualifications to determine whether the TCM services provided and paid for complied with Federal and State requirements. We also compared the

¹ TCM services provided under the school health services program are thus funded differently than TCM services for the other three target groups. The State agency's CMS-64 reports for our audit period did not include any amounts from the TCM claims in this group; the State agency did not delineate the TCM portion of this program's costs, and we did not review any claims for this target group.

² A claim encompasses all TCM services provided to a single Medicaid recipient for a single month. A claim may therefore include multiple TCM activities and case managers.

rates paid to the payment rates that CMS approved for the month in which services were rendered.

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 details of our audit scope and methodology, Appendix C contains our statistical sampling methodology, Appendix D contains our sample results and estimates, Appendix E contains details on the Federal and State requirements related to TCM, and Appendix F summarizes the errors for each sampled claim.

FINDINGS

During FYs 2014 and 2015, the State agency claimed Federal Medicaid reimbursement for some TCM services that did not comply with Federal and State requirements. Specifically, 49 of the 150 randomly sampled TCM claims were unallowable because they had at least 1 of the following errors (some claims had more than 1 error):

- the TCM providers could not provide documentation supporting that the case managers had the qualifications—that is, the education or experience—required by the TCM State plan amendment (43 claims);
- the TCM providers could not provide documentation to support that they had actually provided 1 or more TCM services to the Medicaid recipients (10 claims);
- the TCM providers' case notes lacked sufficient detail to support that claimed services were allowable (5 claims); and
- the TCM providers were unable to provide complete documentation of recipients' eligibility for TCM services (3 claims).

Although these TCM claims had errors, the State agency paid the TCM providers and then claimed Federal Medicaid reimbursement for them.

On the basis of our sample results, we estimated that the State agency improperly claimed at least \$4,278,633 (\$2,160,743 Federal share) in unallowable Medicaid reimbursement for TCM services during FYs 2014 and 2015.

The State agency incorrectly paid TCM providers and claimed unallowable Federal Medicaid reimbursement because its policies and procedures did not ensure that those providers complied with Federal and State requirements for documenting case managers' qualifications,

for documenting and claiming TCM services, and for maintaining documentation related to recipient eligibility determinations.

THE STATE AGENCY CLAIMED FEDERAL REIMBURSEMENT FOR UNALLOWABLE CLAIMS

During FYs 2014 and 2015, the State agency claimed Federal Medicaid reimbursement for some TCM claims that did not comply with Federal and State requirements. Of the 150 randomly sampled TCM claims we reviewed, 49 were unallowable for Medicaid reimbursement (some claims had more than 1 error).

Federal and State Requirements

Federal regulations define the types of services that are allowable and unallowable as TCM services and specify the requirements for maintaining supporting documentation (42 CFR §§ 440.169(d) and 441.18). The TCM State plan amendment defines the target population for each group, the types of services available to the target population, and the requirements for providers and case managers (Colorado TCM State Plan amendment, Supplement to Attachment 3.1-A).

Targeted Case Management Providers Could Not Provide Documentation for Case Managers' Qualifications

Federal regulations state that provider qualifications should be reasonably related to the population being served and the case management services furnished (42 CFR § 441.18 (a)(8)(v)). The TCM State plan amendment requires that individuals who provide TCM services have, at a minimum, a bachelor's level degree of education, 5 years of experience in the field of developmental disabilities, or some combination of education and experience appropriate to the requirements of the position (Colorado TCM State Plan amendment, Supplement to Attachment 3.1-A).

The State agency claimed unallowable Federal Medicaid reimbursement for 43 TCM claims, in each of which at least 1 case manager who did not meet these qualifications had provided TCM services for which the TCM provider then billed the State agency.³ Specifically, we identified (1) individuals who appeared to hold a support-staff role and thus did not have the education or experience as required by the TCM State plan amendment, (2) individuals who obtained the required education after the billed date of service, and (3) individuals for whom the State agency could provide no documentation of education or experience for us to review.

For example, for a TCM provider's bill with 21 units of service, the State agency paid the provider, then claimed the 21 units for Federal reimbursement. However, 2 of the 21 units were unallowable because they were billed on behalf of a TCM provider employee whose job

³ In those instances in which more than one case manager had billed TCM services for a claim, we considered only the units billed by the unqualified case manager(s) when calculating our unallowable amount.

title was listed as “billing technician.” That employee was actually a member of the case manager’s support staff and did not meet the qualifications specified in the TCM State plan amendment.

Providers Did Not Maintain Documentation To Support Targeted Case Management Claims

A State plan is required to “provide for agreements with every person or institution providing services under which such person or institution agrees (A) to keep such records as are necessary to fully disclose the extent of the services provided to individuals receiving assistance under the State plan and (B) to furnish the State agency or the Secretary [of Health and Human Services] with such information . . . as the State agency or the Secretary may from time to time request” (the Act § 1902(a)(27)).

For each of 10 claims, the TCM provider did not maintain documentation to support that it had actually provided a TCM service to a Medicaid recipient. Specifically, the TCM provider did not provide any case notes related to the TCM service that the provider billed and that the State agency paid (and then claimed for Federal reimbursement).

Providers Lacked Documentation To Support That a Targeted Case Management Service Was Allowable

Federal regulations state that providers must maintain case notes that document, for all individuals receiving case management, the nature, content, and units of the case management services received and whether goals specified in the care plan have been achieved (42 CFR § 441.18(a)(7)(iv)). In addition, case management services refer to services furnished to assist individuals, eligible under the State plan, who reside in a community setting or are transitioning to a community setting, in gaining access to needed medical, social, educational, and other services (42 CFR § 440.169 (a)).

The State agency claimed unallowable Federal Medicaid reimbursement for five claims in which case notes lacked sufficient detail to support that the services performed were allowable in accordance with Federal requirements, the TCM State plan amendment, or both.

For example, for a TCM provider’s bill with five units of service, the State agency paid the provider, then claimed the five units for Federal reimbursement. However, three of the five units, which were billed to document a provider employee’s vehicle accident, were unallowable for Medicaid reimbursement. Although the Medicaid recipient was in the employee’s vehicle at the time of the accident, the units billed documented the provider organization’s handling of the accident and the status of the employee, and had no documentation regarding the provision of TCM services to, or the coordination of care for, the recipient.

Recipient Targeted Case Management Eligibility Determinations Were Not Provided

Federal regulations state that if a State plan provides for case management services, it must include a separate State plan amendment, for each group receiving TCM services, that defines the group eligible to receive the TCM service (42 CFR § 441.18 (a)(8)(i)). The TCM State plan amendment defines the developmental disability target group as being comprised of Medicaid recipients who have been determined by a CCB (that is, the relevant TCM provider) to have a developmental disability and who are actively enrolled under the home and community-based services (HCBS) waiver program⁴ (Colorado TCM State Plan amendment, Supplement to Attachment 3.1-A).

The State agency claimed unallowable Federal Medicaid reimbursement for three claims in which the State agency was unable to provide documentation that demonstrated that a TCM provider had evaluated the recipient and determined that the recipient was eligible to receive TCM services.

Effect of Unallowable Targeted Case Management Claims

Although the TCM claims had the errors described above, the State agency paid the TCM providers and then claimed Federal Medicaid reimbursement for them.

On the basis of our sample results, we estimated that the State agency paid TCM providers and then improperly claimed at least \$4,278,633 (\$2,160,743 Federal share) in Federal Medicaid reimbursement for 278,266 TCM claims during FYs 2014 and 2015.

THE STATE AGENCY'S POLICIES AND PROCEDURES DID NOT ENSURE COMPLIANCE WITH FEDERAL AND STATE REQUIREMENTS

The State agency incorrectly paid TCM providers and claimed unallowable Federal Medicaid reimbursement because its policies and procedures did not ensure that those providers complied with Federal and State requirements for documenting case managers' qualifications, for documenting and claiming TCM services, and for maintaining documentation related to recipient eligibility determinations.

⁴ Section 1915(c) of the Act authorizes Medicaid HCBS waiver programs. A State's HCBS waiver, which must be approved by CMS, allows a State to claim Federal reimbursement for services not usually covered by Medicaid. HCBS are generally provided to Medicaid-eligible beneficiaries in the community rather than in an institutional setting. A developmental disabilities waiver program is one of several Medicaid HCBS waiver programs.

RECOMMENDATIONS

We recommend that the State agency:

- refund \$2,160,743 to the Federal Government for unallowable TCM claims; and
- strengthen its policies and procedures to ensure that:
 - TCM providers maintain documentation to document that case managers are qualified to perform TCM services,
 - TCM providers maintain documentation to support the TCM services provided,
 - it does not pay TCM providers or claim Federal reimbursement for services that are not TCM services, and
 - TCM providers maintain documentation for eligibility determinations for recipients of TCM services.

STATE AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In written comments on our draft report, the State agency agreed that the TCM providers did not keep appropriate documentation, and it said that after we reviewed additional documentation that it gave to us, it would make a determination on our findings and refund the appropriate Federal share. The State agency also provided additional comments concerning each recommendation, to include descriptions of corrective actions that it had taken or planned to take, as well as additional documentation for some of the sampled TCM claims identified as errors in our draft report. However, the State agency did not concur with our recommendation to strengthen its policies and procedures regarding maintenance of documentation by TCM providers of case managers' qualifications. Further, the State agency did not concur with our recommendation to strengthen its policies and procedures regarding the maintenance of documentation by EI providers of eligibility determinations for recipients of TCM services.

A summary of the State agency's comments (which refer from time to time to case notes and other additional documentation separately provided to us) and our responses follows. The State agency's comments appear in their entirety as Appendix G.

After reviewing the State agency's comments and the additional documentation that the State agency provided, we revised, for this final report, the number of errors we identified. Accordingly, we revised our statistical estimate and the dollar amount conveyed in our first recommendation. We maintain that our findings and recommendations, as revised, are valid.

RECOMMENDED REFUND TO THE FEDERAL GOVERNMENT

State Agency Comments

The State agency obtained additional documentation (case notes) from some TCM providers and gave it to us for review. The State agency added that after our review of this additional documentation, it would review the findings, make a determination, and refund the appropriate Federal share.

Office of Inspector General Response

Additional Documentation (Case Notes) for Targeted Case Management Services

Our draft report had identified 18 claims for which TCM providers could not provide documentation supporting that they had actually provided 1 or more TCM services to the Medicaid recipients. After we issued our draft report, the State agency gave us additional case notes for 14 of the 18 sampled TCM claims that our draft report had identified. After reviewing these additional case notes, we made the following determinations:

- For three sampled TCM claims, the additional case notes were for the wrong service month; we therefore made no change to the findings in our draft report.
- For three other sampled TCM claims, the additional documentation included only a portion of the missing case notes; we therefore made no change to the number of sample items in error identified in the findings in our draft report.
- For the other eight sampled TCM claims, the additional case notes were sufficiently complete and sufficiently detailed as to permit us to determine that the documentation for these claims now supported that TCM services had actually been provided to Medicaid recipients. We therefore removed these eight claims from this finding (but moved three of these eight claims to the related finding that we discuss just below).

As a result of our review of the additional case notes that the State agency gave us, this final report identifies 10 sampled TCM claims for which providers did not maintain documentation to support the TCM service provided.

No Additional Documentation Provided for Case Manager Qualifications

Although the State agency gave us additional case notes (for 14 of the sampled claims, as discussed above), it did not give us any additional documentation to support that case managers who provided TCM services (for which the TCM providers then billed the State agency) met the qualifications called for in Federal regulations and specified in the TCM State plan amendment.

Because the State agency did not provide case manager qualifications to accompany the new case notes it gave us, we identified new errors regarding the lack of documentation for these qualifications. Specifically, we identified, in the additional case notes mentioned in the subsection above, 3 more claims (from the 150 paid TCM claims in our stratified random sample) that lacked documentation to support that the case managers were qualified to provide TCM services. As a result, there are 43 sampled TCM claims that lack documentation to support the case manager qualifications.

Additional Documentation Provided for Targeted Case Management Eligibility Determinations

The State agency also gave us some additional documentation regarding the three claims we identified that lacked documentation that a TCM provider had evaluated the recipient and determined that the individual was eligible to receive TCM services. Nothing in the additional documentation, however, was sufficient to resolve any of the errors we had identified.

Revised Statistical Estimate

We revised our statistical estimate and the dollar amount conveyed in our first recommendation based on our review of the additional documentation that the State agency provided and our resulting revisions to the number of errors on which we are reporting.

STRENGTHENING OF POLICIES AND PROCEDURES REGARDING DOCUMENTATION OF QUALIFICATIONS OF CASE MANAGERS TO PERFORM TARGETED CASE MANAGEMENT SERVICES

State Agency Comments

The State agency said that during our audit period, its EI Colorado program did not require the CCBs who provided services to have or keep documentation on employee qualifications or education levels. In addition, the State agency said that information given to us by a county worker was for “a program administered by the [Colorado] Department of Human Services and not for the [State agency’s] EI Colorado program. For this reason, the [State agency] does not concur with this audit recommendation as it applies to EI.”

Office of Inspector General Response

The TCM State plan amendment, cited earlier, identifies the target groups to receive TCM services; these groups include Medicaid recipients who are receiving developmental disability and EI services and who are actively enrolled under the HCBS waiver program (footnote 4) (Colorado TCM State Plan amendment, Supplement to Attachment 3.1-A). This document not only identifies the target groups, but also documents the required qualifications for case managers to provide TCM services. Therefore, we disagree that the EI Colorado program was not required to maintain provider documentation.

STRENGTHENING OF POLICIES AND PROCEDURES REGARDING MAINTENANCE OF DOCUMENTATION TO SUPPORT THE TARGETED CASE MANAGEMENT SERVICES PROVIDED

State Agency Comments

The State agency cited a provision of State regulations (10 Code of Colorado Regulations (CCR) 2505-10) that requires that documentation be kept in order to receive reimbursement. The State agency added that it has issued several Medicaid provider bulletins as well as a provider billing manual for EI providers. The State agency also said that it is “exploring all options” to ensure that documentation is entered into the State agency’s systems, and alluded to a new data system for the EI Colorado program.

Office of Inspector General Response

The State agency did not directly agree or disagree with this recommendation but described actions that it had taken or planned to take to ensure that documentation is maintained to support the TCM services provided. As discussed earlier in this report, we reviewed the additional case notes that the State agency gave us after we issued our draft report, and revised the number of claims we had identified for which TCM providers did not maintain documentation to support TCM claims.

STRENGTHENING OF POLICIES AND PROCEDURES REGARDING PAYMENTS TO TARGETED CASE MANAGEMENT PROVIDERS OR CLAIMS FOR FEDERAL REIMBURSEMENT FOR SERVICES THAT ARE NOT TARGETED CASE MANAGEMENT SERVICES

State Agency Comments

The State agency agreed that it should not pay TCM providers for services that are not TCM-related and cited another provision of the CCR. The State agency further described actions that it had taken or planned to take, to include publication of guidance and a provider billing manual as well as training and case management reviews, to ensure that it does not pay for services not related to TCM.

Office of Inspector General Response

The State agency agreed that it should not pay for services that are not TCM related and described actions it had taken or planned to take to ensure that it does not pay for unallowable activities and services.

STRENGTHENING OF POLICIES AND PROCEDURES REGARDING MAINTENANCE OF DOCUMENTATION FOR ELIGIBILITY DETERMINATIONS FOR RECIPIENTS OF TARGETED CASE MANAGEMENT SERVICES

State Agency Comments

The State agency did not agree with our finding (the three claims we identified that lacked documentation that a TCM provider had evaluated the recipient and determined that the individual was eligible to receive TCM services) and said that it would therefore not implement a corrective action plan requiring EI providers to maintain documentation for eligibility. The State agency said, “EI is not a waiver in Colorado and therefore is a fee for service (FFS) benefit. A FFS benefit only requires that a provider check for eligibility at the time of service.”

Office of Inspector General Response

We did not limit our request for documentation to the TCM providers only. We requested that the State agency provide *any* type of documentation to show that the recipients in question were eligible to receive TCM services. As mentioned near the end of our response in the “Recommended Refund to the Federal Government” section above, the State agency was unable to provide documentation to show that these recipients had been evaluated and deemed eligible to receive TCM services.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our audit covered \$47,866,264 (\$24,159,496 Federal share) in Medicaid payments for TCM services provided and paid for in Colorado during FYs 2014 and 2015 (October 1, 2013, through September 30, 2015).

We reviewed a stratified random sample totaling 150 TCM paid claims from the developmental disability and early intervention target group. This target group represented 98 percent of all TCM claims in Colorado in FYs 2014 and 2015. We obtained and reviewed documentation for each TCM service provided to determine whether the claims complied with applicable Federal and State requirements.

We did not assess the overall internal controls structure of the State agency or the Medicaid program. Rather, we limited our review of the internal controls to those applicable to our audit objective.

We conducted our audit work, which included fieldwork at the State agency in Denver, Colorado, from June 2016 to June 2017.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws, Federal and State regulations, and the State plan and TCM State plan amendment;
- held discussions with State agency officials to gain an understanding of the operation of the TCM program;
- obtained the MMIS claims payment data for TCM services provided and paid for in FYs 2014 and 2015;
- reconciled the MMIS claims payment data for TCM services to the Medicaid payments that the State agency claimed on the CMS-64 reports for FYs 2014 and 2015;
- developed a sampling frame of MMIS claims provided and paid for during FYs 2014 and 2015 and consisting of 278,266 unique TCM paid claims;
- selected a stratified random sample of 150 TCM paid claims and reviewed supporting documentation for each of these to:

- determine whether the TCM service(s) provided were allowable according to the TCM State plan amendment and whether the unit(s) charged were reasonable,
- determine whether the recipient was eligible for TCM services,
- determine whether the TCM provider was qualified to provide TCM services, and
- determine whether the payment rate(s) paid were accurate;
- used the results of the sample to estimate (Appendix C) the unallowable Federal Medicaid reimbursement associated with the errors we identified (for which we are recommending refund to the Federal Government); and
- discussed the results of our audit with State agency officials on August 14, 2017.

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: PREVIOUSLY ISSUED
OFFICE OF INSPECTOR GENERAL REPORTS**

Report Title	Report Number	Date Issued
<i>North Dakota Claimed Some Unallowable Medicaid Payments for Targeted Case Management Services</i>	<u>A-07-16-03210</u>	10/27/16
<i>Connecticut Claimed Unallowable Medicaid Payments for Targeted Case Management Services Provided to Individuals With Chronic Mental Illness</i>	<u>A-01-14-00001</u>	8/07/15
<i>Missouri Claimed Unallowable Medicaid Payments for Targeted Case Management Services Provided to Individuals With Developmental Disabilities</i>	<u>A-07-13-03193</u>	10/30/14
<i>Iowa Medicaid Payments for Targeted Case Management for Fiscal Years 2003 and 2004</i>	<u>A-07-06-03078</u>	11/07/07
<i>Review of Minnesota Medicaid Reimbursement for Targeted Case Management Services for Fiscal Years 2003 and 2004</i>	<u>A-05-05-00059</u>	10/15/07
<i>Review of Medicaid Targeted Case Management Services Provided by the Maine Bureau of Child and Family Services During Federal Fiscal Years 2002 and 2003</i>	<u>A-01-05-00004</u>	12/04/07
<i>Review of Targeted Case Management Services Rendered by the Massachusetts Department of Social Services During Federal Fiscal Years 2002 and 2003</i>	<u>A-01-04-00006</u>	5/16/06

APPENDIX C: STATISTICAL SAMPLING METHODOLOGY

TARGET POPULATION

The target population consisted of unique TCM paid claims with positive Medicaid reimbursements for TCM services that the State agency provided and paid for during FYs 2014 and 2015 (October 1, 2013, through September 30, 2015).

SAMPLING FRAME

The sampling frame consisted of 278,266 unique TCM paid claims from only the developmental disability and early intervention target group. The reimbursement amount associated with these 278,266 claims totaled \$47,866,264 (\$24,159,496 Federal share) for our audit period.

SAMPLE UNIT

The sample unit was one TCM paid claim (footnote 2).

SAMPLE DESIGN

We used a stratified sample consisting of three strata. We divided the strata based upon total Federal reimbursement amounts for the audit period, as shown in Table 1 below.

Table 1: Division of Strata for Sample Design

Stratum	Sample Units	Total Paid	Total Federal Share Paid Amount	Low Federal Share Paid Amount	High Federal Share Paid Amount
One	184,513	\$13,850,442	\$6,989,231	\$2.00	\$89.99
Two	66,135	\$17,443,054	\$8,801,775	\$90.00	\$199.99
Three	27,618	\$16,572,768	\$8,368,490	\$200.00	\$1,615.38
Totals	278,266	\$47,866,264	\$24,159,496		

SAMPLE SIZE

We selected 150 unique TCM paid claims, 50 per stratum.

SOURCE OF RANDOM NUMBERS

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

METHOD FOR SELECTING SAMPLE ITEMS

For each of the three strata, we consecutively numbered the sample units. After generating the random numbers for each stratum, we selected the corresponding sample units in each stratum.

ESTIMATION METHODOLOGY

We used RAT-STATS Variable Appraisal for stratified samples to estimate the amount of unallowable payment for TCM services.

APPENDIX D: SAMPLE RESULTS AND ESTIMATES

Table 2: Unallowable Claims Sample Results

Stratum	Frame Size	Value of Frame	Sample Size	Value of Sample	Number of Unallowable Claims	Value of Unallowable Claims
Stratum 1	184,513	\$13,850,442	50	\$3,650	10	\$512
Stratum 2	66,135	\$17,443,054	50	\$13,532	20	\$2,237
Stratum 3	27,618	\$16,572,768	50	\$27,670	19	\$2,429
Total	278,266	\$47,866,264	150	\$44,852	49	\$5,178

Table 3: Federal Share Unallowable Claims Sample Results

Stratum	Frame Size	Value of Frame	Sample Size	Value of Sample	Number of Unallowable Claims	Value of Unallowable Claims
Stratum 1	184,513	\$6,989,231	50	\$1,843	10	\$257
Stratum 2	66,135	\$8,801,775	50	\$6,840	20	\$1,131
Stratum 3	27,618	\$8,368,490	50	\$13,993	19	\$1,231
Total	278,266	\$24,159,496	150	\$22,676	49	\$2,619

**Table 4: Estimated Value of Unallowable Claims
(Limits Calculated for a 90-Percent Confidence Interval)**

	Total	Federal Share
Point estimate	\$6,189,509	\$3,125,609
Lower limit	\$4,278,633	\$2,160,743
Upper limit	\$8,100,384	\$4,090,475

APPENDIX E: FEDERAL AND STATE REQUIREMENTS FOR TARGETED CASE MANAGEMENT

FEDERAL REQUIREMENTS

Federal regulations (42 CFR §§ 440.169(a) and (b)) define TCM services as services furnished to assist individuals, eligible under the State plan, who reside in a community setting or are transitioning to a community setting, in gaining access to needed medical, social, educational, and other services.

Federal regulations (42 CFR § 440.169(d)) state that the assistance that TCM case managers provide in assisting eligible individuals to obtain services includes:

- (1) Comprehensive assessment and periodic reassessment of individual needs, to determine the need for any medical, educational, social, or other services....
- (2) Development (and periodic revision) of a specific care plan based on the information collected through the assessment....
- (3) Referral and related activities (such as scheduling appointments for the individual) to help the eligible individual obtain needed services, including activities that help link the individual with medical, social, and educational providers or other programs and services that are capable of providing needed services to address identified needs and achieve goals specified in the care plan.
- (4) Monitoring and followup activities, including activities and contacts that are necessary to ensure that the care plan is effectively implemented and adequately addresses the needs of the eligible individual and which may be with the individual, family members, service providers, or other entities or individuals and conducted as frequently as necessary, and including at least one annual monitoring....

Federal regulations require TCM providers to maintain case records that document, for all individuals receiving TCM services, “[t]he nature, content, units of the [TCM] services received and whether goals specified in the care plan have been achieved” (42 CFR § 441.18(a)(7)(iv)).

Federal regulations state that TCM “... does not include, and FFP is not available in expenditures for, services defined in § 441.169 of this chapter when the [TCM] activities constitute the direct delivery of underlying medical, educational, social, or other services to which an eligible individual has been referred, including for services such as, but not limited to,” providing transportation (42 CFR § 441.18(c)).

The CMS *State Medicaid Manual* states that FFP is not available for the specific services needed by an individual as identified through case management activities unless they are separately reimbursable under Medicaid. Also, FFP is not available for the cost of the administration of

the services or programs to which recipients are referred (*CMS State Medicaid Manual* §§ 4302.2(G)(1) and (2)).

STATE REQUIREMENTS

The TCM State plan amendment defines the developmental disability target group as being comprised of Medicaid recipients who have been determined by a CCB (that is, the relevant TCM provider) to have a developmental disability and who are actively enrolled under the HCBS waiver program (Colorado TCM State Plan amendment, Supplement to Attachment 3.1-A; see also footnote 4).

The TCM State plan amendment's definition of TCM services closely mirrors the definition of TCM services set forth in 42 CFR § 440.169. The State plan language defines TCM as services that assist eligible individuals in gaining access to needed medical, social, educational, and other services. The State plan language further breaks out services into the categories of assessment, care plan development, referral and related activities, and monitoring and followup activities (Colorado TCM State Plan amendment, Supplement to Attachment 3.1-A).

The TCM State plan amendment requires that those individuals who provide TCM services have, at a minimum, a bachelor's level degree of education, 5 years of experience in the field of developmental disabilities, or some combination of education and experience appropriate to the requirements of the position (Colorado TCM State Plan amendment, Supplement to Attachment 3.1-A).

**APPENDIX F: SUMMARY OF ERRORS FOR EACH
SAMPLED CLAIM**

Table 5: Errors We Identified for Each Sampled TCM Claim

Count	Lack of Documentation of Case Manager Qualifications	Missing Documentation (Case Notes) of TCM Services	Lack of Documentation That TCM Services Were Allowable	Lack of Documentation of Eligibility Determination
1			X	
2	X			
3				
4	X		X	
5				
6				
7				
8				
9				
10				
11				
12				
13				
14	X			
15				
16	X			
17	X			
18				
19	X			
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				

Count	Lack of Documentation of Case Manager Qualifications	Missing Documentation (Case Notes) of TCM Services	Lack of Documentation That TCM Services Were Allowable	Lack of Documentation of Eligibility Determination
33				
34				
35	X	X		
36				
37				
38				
39				
40				
41				
42				
43	X			
44				
45				
46				
47				
48				
49				
50	X			
51				
52	X			
53				
54				
55				
56	X			
57				
58	X			
59				
60				
61				
62				
63	X	X		X
64				
65	X			
66				
67				
68	X			
69	X	X		X

Count	Lack of Documentation of Case Manager Qualifications	Missing Documentation (Case Notes) of TCM Services	Lack of Documentation That TCM Services Were Allowable	Lack of Documentation of Eligibility Determination
70	X			
71	X			
72				
73				
74				
75				
76				
77	X			
78				
79		X		
80	X			
81				
82				
83				
84	X			
85	X	X		
86				
87	X			
88				
89				
90				
91	X	X		
92				
93	X			
94	X			
95				
96				
97	X			
98		X		
99				
100				
101	X			
102	X			
103	X			
104				
105				

Count	Lack of Documentation of Case Manager Qualifications	Missing Documentation (Case Notes) of TCM Services	Lack of Documentation That TCM Services Were Allowable	Lack of Documentation of Eligibility Determination
106	X			
107				
108	X			
109				
110	X	X		
111				
112				
113				
114				
115	X			
116	X			
117				
118	X			
119				
120				
121	X			
122				
123				
124				
125				
126				
127	X			
128				
129				
130				
131				
132		X		
133				
134	X		X	X
135	X			
136		X		
137				
138				
139				
140				
141	X			
142				

Count	Lack of Documentation of Case Manager Qualifications	Missing Documentation (Case Notes) of TCM Services	Lack of Documentation That TCM Services Were Allowable	Lack of Documentation of Eligibility Determination
143				
144	X		X	
145				
146	X			
147			X	
148				
149				
150				
Total	43	10	5	3

X – Sample units with an error.

APPENDIX G: STATE AGENCY COMMENTS



COLORADO
Department of Health Care
Policy & Financing

1570 Grant Street
Denver, CO 80203

December 21, 2017

Patrick J. Cogley
Regional Inspector General for Audit Services
Office of Inspector General
601 East 12th Street, Room 0429
Kansas City, MO 64106

Re: CIN A-07-16-03215 – Colorado Claimed Some Unallowable Medicaid Payments for Targeted Case Management (TCM) Services Draft Audit Report

Dear Mr. Cogley,

Attached are the Department of Health Care Policy and Financing's (Department) responses and corrective action plans to Office of the Inspector General's (OIG's) October 16, 2017 Draft TCM Audit Report.

If you have any questions, please contact Laurie Simon-Blade at 303-866-2590 or laurie.simon-blade@state.co.us.

Sincerely,

/s/

Donna Kellow, Director
Audits & Compliance Division

DK/lrb



The Department Agrees that The Community Centered Boards Did Not Keep Appropriate Documentation

- 1. Recommendation 1:** Refund \$2,292,964 to the Federal Government for unallowable TCM claims.

The Department is in receipt of additional case documentation for TCM claims billed and is submitting these claims for consideration. We appreciate the OIG's willingness to review these claims. After the OIG's review of the additional information, the Department will review the findings, make a determination and refund the Federal Government the appropriate federal share.

- 2. Recommendation 2a:** Strengthen its policies and procedures to ensure that TCM providers maintain documentation to document that case managers are qualified to perform TCM services.

Currently, 10 CCR 2505-10, 8.603.9.E requires case managers for Home and Community Based Services (HCBS) waivers to have a bachelor's level degree of education, five years of experience in the field of Intellectual and Developmental Disabilities (I/DD), or a combination of education and experience. In addition, the Department conducts Performance and Quality Reviews of all Community Centered Boards (CCBs) in an effort to ensure compliance with statute, waiver, regulation, and contract requirements for HCBS waivers. This work includes but is not limited to reviewing employee files to ensure that education and/or I/DD specific experience requirements for case managers are met. If this documentation is not included in the employee file, the CCBs are required to remediate this deficiency as part of their Corrective Action Plan. The Department provided the CCBs with training on TCM findings, practices, policies, and procedures in June 2016, July 2017 and October 2017.

In addition to the above, the Department is currently restructuring case management for HCBS waivers. Part of this work includes the development of a Case Management Agency and Case Manager qualifications. When these new qualifications are completed, current regulations will be amended to reflect the changes. Policies will be developed for the maintenance of documentation for HCBS TCM provider qualifications in the fall of 2018.

Lastly, during the audit period under review, Early Intervention (EI) did not require the CCBs who provided services to have or keep documentation on employee qualifications or education levels. The requirements given to the OIG by the county worker were for a program administered



by the Department of Human Services and not for the Department's EI Colorado program. For this reason, the Department does not concur with this audit recommendation as it applies to EI.

3. Recommendation 2b: TCM providers maintain documentation to support the TCM services provided.

The Department requires that documentation must be kept in order to receive reimbursement. Please see 10 CCR 2505-10, 8.761.4. which outlines requirements for reimbursement when certain documented criteria are met. The Department also has several Medicaid provider bulletins which reinforce this requirement. The Department is exploring all options to ensure documentation is entered into the Department prescribed system. However, new options considered include amending regulation to require documentation is entered into the system within a certain timeframe from the date of activity; discontinuing the option for CCBs to upload documentation from their own system, which will ensure all documentation is entered into the Department prescribed system. As mentioned above, the Department has also provided EI Colorado and other CCBs training on TCM and documentation requirements.

For EI Colorado, a new data system (UNICORN) will enable to Department to better regulate the quality of the documentation and allow for more in-depth, instant access to charts to allow for additional quality audits at the state level. The Department also added a provider billing manual for EI providers which lists specific information related to what is appropriate TCM services. That document can be located at: https://www.colorado.gov/pacific/sites/default/files/CMS1500_Early%20Intervention%20Program%20v1_1.pdf

4. Recommendation 2c: HCPF does not pay TCM providers or claim Federal reimbursement for services that are not TCM services.

The Department agrees that it should not pay TCM providers for services that are not TCM related. 10 CCR 2505-8.761 Targeted Case Management Services for Persons with Developmental Disabilities provides CCBs with the TCM definition and guidance in determining what activities qualify as TCM. In addition, the Department also added a provider billing manual in June 2016 which has a listing of acceptable and non-covered TCM activities.

Again, to help ensure providers are not payed for non-allowable activities, the Department has provided CCBs with training on TCM in June 2016, July 2017 and October 2017.



The trainings included information on the four components of TCM and provided information on allowable versus non-allowable TCM services. In addition, the Department conducts case management reviews, and requests CCBs to back-out claims for TCM services billed that are non-allowable.

The Department is exploring the option of a contractor to conduct a review of TCM activities to ensure compliance with TCM requirements.

5. Recommendation 2d: TCM providers maintain documentation for eligibility determinations for recipients of TCM services.

EI is not a waiver in Colorado and therefore is a fee for service (FFS) benefit. A FFS benefit only requires that a provider check for eligibility at the time of service. Providers do not maintain an eligibility list, however, the Department does maintain proof of eligibility in its Medicaid Management Information System (MMIS).

The Department does not agree with this finding and therefore will not be implementing a corrective action plan requiring EI providers to maintain documentation of eligibility. As additional documentation, the Department has attached MMIS screen prints for the EI recipients outlined in this finding.

