

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**WASHINGTON STATE CLAIMED
A SMALL AMOUNT OF UNALLOWABLE
MEDICAID REIMBURSEMENT FOR
HOME HEALTH SERVICES THAT
EXCEEDED THE MAXIMUM
ALLOWABLE NUMBER OF
REIMBURSABLE VISITS**

*Inquiries about this report may be addressed to the Office of Public Affairs at
Public.Affairs@oig.hhs.gov.*



Lori A. Ahlstrand
Regional Inspector General

August 2013
A-09-12-02056

Office of Inspector General

<https://oig.hhs.gov>

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OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

EXECUTIVE SUMMARY

From July 1, 2010, through March 31, 2012, Washington State claimed \$41,000 in unallowable Federal Medicaid reimbursement for home health services that exceeded the maximum allowable number of reimbursable visits.

WHY WE DID THIS REVIEW

Home health agencies provide home health services, such as nursing, physical therapy, and speech services, to Medicaid beneficiaries. To prevent placement in a more restrictive setting, such as a hospital, these services are provided in the beneficiary's residence, on an intermittent or part-time basis, for the treatment of an illness, injury, or disability. Previous Office of Inspector General reviews found that States improperly claimed Federal Medicaid reimbursement for home health services that were not adequately documented. In Washington State, Medicaid covers up to a certain number of home health visits per day for a beneficiary (reimbursable visits), depending on the specific type of service provided.

The objective of this review was to determine whether the Washington State Health Care Authority (State agency) claimed Federal Medicaid reimbursement for home health services that exceeded the maximum allowable number of reimbursable visits.

BACKGROUND

In Washington State, the State agency administers the Medicaid program and pays for the following home health services: skilled nursing, specialized therapy (physical, occupational, and speech/audiology therapy), and home health aide services. State regulations limit reimbursement for home health services to two skilled nursing visits per day, one specialized therapy visit of each type per day, and one home health aide visit per day.

From July 1, 2010, through March 31, 2012 (audit period), the State agency claimed approximately \$6.7 million (\$3.9 million Federal share) for home health service expenditures, which consisted of 77,081 service lines. (A service line represented a line of service on a claim submitted by a home health agency.) We analyzed all the service lines to identify whether payments were made for services that exceeded the maximum allowable number of reimbursable visits.

WHAT WE FOUND

The State agency claimed \$41,496 in unallowable Federal Medicaid reimbursement for home health services that exceeded the maximum allowable number of reimbursable visits for specialized therapy (\$35,336), skilled nursing (\$5,463), and home health aide services (\$697). The overpayments were the difference between the paid and maximum reimbursable amounts for the services.

The State agency's Medicaid Management Information System (MMIS) did not include edits to limit the number of reimbursable visits for skilled nursing and home health aide services for part

of the audit period and specialized therapy services for the entire audit period. During the audit period, the State agency implemented edits for skilled nursing and home health aide services. We did not find overpayments for these types of services after the edits were implemented. After the audit period and near the end of our fieldwork, State agency personnel indicated that they had developed and implemented edits for specialized therapy services. However, we did not verify the effectiveness of these edits.

WHAT WE RECOMMEND

We recommend that the State agency:

- refund \$41,496 to the Federal Government,
- verify that the MMIS edits to limit the number of reimbursable visits for specialized therapy services are working effectively, and
- review reimbursements for specialized therapy services claimed after the audit period and before implementation of the edits and refund any overpayment identified.

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency agreed with our finding and described actions that it had taken to address our recommendations.

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INTRODUCTION

WHY WE DID THIS REVIEW

Home health agencies provide home health services, such as nursing, physical therapy, and speech services, to Medicaid beneficiaries. To prevent placement in a more restrictive setting, such as a hospital, these services are provided in the beneficiary's residence, on an intermittent or part-time basis, for the treatment of an illness, injury, or disability. Previous Office of Inspector General (OIG) reviews found that States improperly claimed Federal Medicaid reimbursement for home health services that were not adequately documented.¹ In Washington State, Medicaid covers up to a certain number of home health visits per day for a beneficiary (reimbursable visits), depending on the specific type of service provided.

OBJECTIVE

Our objective was to determine whether the Washington State Health Care Authority (State agency) claimed Federal Medicaid reimbursement for home health services that exceeded the maximum allowable number of reimbursable visits.

BACKGROUND

Medicaid Program: Administration and Reimbursement

The Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the program. Each State administers its Medicaid program in accordance with a CMS-approved State plan. Although the State has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements. The Federal Government pays its share of a State's medical assistance expenditures under Medicaid according to the Federal medical assistance percentage (FMAP), which varies depending on the State's relative per capita income (§ 1905(b) of the Social Security Act (the Act)).

Medicaid Coverage of Home Health Services

The Act authorizes reimbursement to States for home health services (§ 1905(a)(7)). To be reimbursable under Medicaid, home health services must be provided to a beneficiary at his place of residence and on the physician's orders as part of a written plan of care that the physician reviews every 60 days (42 CFR § 440.70(a)).

Washington's Medicaid Home Health Program

In Washington State, the State agency administers the Medicaid program. The State agency's home health program is designed to provide equally effective, less restrictive quality care to the beneficiary in the beneficiary's residence when the beneficiary is not able to access medically

¹ See Appendix A for a list of related OIG reports on States' claims for home health services.

necessary services in the community or in lieu of hospitalization. The State agency pays for the following home health services: skilled nursing, specialized therapy (physical, occupational, and speech/audiology therapy), and home health aide services.

The State agency uses the Medicaid Management Information System (MMIS), a computerized payment and information reporting system, to process Medicaid claims for payment. The expenditures related to the claims are reported on the Form CMS-64, Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program, for Federal reimbursement. During our audit period, Washington State's FMAP ranged from 50 percent to 62.94 percent.

HOW WE CONDUCTED THIS REVIEW

From July 1, 2010, through March 31, 2012 (audit period), the State agency claimed approximately \$6.7 million (\$3.9 million Federal share) for home health service expenditures, which consisted of 77,081 service lines. (A service line represented a line of service on a claim submitted by a home health agency.) We analyzed all the service lines to identify whether payments were made for services that exceeded the maximum allowable number of reimbursable visits by (1) identifying service lines with paid units that exceeded the maximum allowable number of paid units for each type of service, (2) verifying whether any of the service lines were adjusted, and (3) calculating the paid amount that exceeded the maximum reimbursable amount for each service line.

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 contains the details of our audit scope and methodology.

FINDING

The State agency claimed \$41,496 in unallowable Federal Medicaid reimbursement for home health services that exceeded the maximum allowable number of reimbursable visits for specialized therapy, skilled nursing, and home health aide services. The State agency's MMIS did not include edits to limit the number of reimbursable visits for skilled nursing and home health aide services for part of the audit period and specialized therapy services for the entire audit period.

FEDERAL AND STATE REQUIREMENTS

A Federal regulation states that, to be allowable under Federal awards, costs must be authorized or not prohibited under State regulations (2 CFR, part 225, Appendix A, § C.1.c.). The State plan limits nursing services to two visits per day and home health aide services to one visit per day (Attachments 3.1-A, page 22, and 3.1-B, page 23). State regulations limit reimbursement for home health services to two skilled nursing visits per day (Washington Administrative Code

(WAC) § 182-551-2100(3)), one home health aide visit per day (WAC § 182-551-2130(1)(k)), and one visit of each type of specialized therapy service per day (WAC § 182-551-2130(1)(k)).

STATE AGENCY CLAIMED UNALLOWABLE HOME HEALTH SERVICES THAT EXCEEDED THE MAXIMUM ALLOWABLE NUMBER OF REIMBURSABLE VISITS

The State agency claimed \$41,496 in unallowable Federal Medicaid reimbursement for home health services that exceeded the maximum allowable number of reimbursable visits.

Specifically, the State agency claimed:

- \$35,336 for specialized therapy services that exceeded one visit of each type per day,
- \$5,463 for skilled nursing services that exceeded two visits per day, and
- \$697 for home health aide services that exceeded one visit per day.

We questioned the difference between the paid amount and maximum reimbursable amount for each service line.

The State agency's MMIS did not include edits to limit the number of reimbursable visits for skilled nursing and home health aide services for part of the audit period and specialized therapy services for the entire audit period. During the audit period, the State agency implemented edits for skilled nursing and home health aide services.² We did not find overpayments for these types of services after the edits were implemented. After the audit period and near the end of our fieldwork, State agency personnel indicated that they had developed and implemented edits for specialized therapy services. However, we did not verify the effectiveness of these edits.

RECOMMENDATIONS

We recommend that the State agency:

- refund \$41,496 to the Federal Government,
- verify that the MMIS edits to limit the number of reimbursable visits for specialized therapy services are working effectively, and
- review reimbursements for specialized therapy services claimed after the audit period and before implementation of the edits and refund any overpayment identified.

² During our fieldwork, the State agency refunded to the Federal Government \$4,717 of the overpayment for skilled nursing services.

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency agreed with our finding and described actions that it had taken to address our recommendations. The State agency's comments are included in their entirety as Appendix C.

APPENDIX A: RELATED OFFICE OF INSPECTOR GENERAL REPORTS

Report Title	Report Number	Date Issued
<i>New York Improperly Claimed Medicaid Reimbursement for Some Home Health Services Claims Submitted by Certified Home Health Agencies in New York City</i>	<u>A-02-10-01022</u>	11/29/12
<i>Review of Selected Medicaid Home Health Services Claims Made by Jewish Home and Hospital Lifecare Community Services – Manhattan LTHHCP</i>	<u>A-02-10-01002</u>	04/20/12
<i>Review of Colorado Medicaid Payments for Home Health Agency Claims Paid to Personal Assistance Services of Colorado</i>	<u>A-07-10-01087</u>	12/01/10
<i>Review of Colorado Medicaid Payments for Home Health Agency Claims</i>	<u>A-07-10-01083</u>	11/09/10
<i>Review of Nebraska Medicaid Payments for Home Health Agency Claims</i>	<u>A-07-09-01077</u>	10/07/10

APPENDIX B: AUDIT SCOPE AND METHODOLOGY

SCOPE

From July 1, 2010, through March 31, 2012, the State agency claimed \$6,746,887 (\$3,860,830 Federal share) for home health service expenditures, which consisted of 77,081 service lines. We analyzed all the service lines to identify whether payments were made for services that exceeded the maximum allowable number of reimbursable visits.

We did not review the overall internal control structure of the State agency or the Medicaid program. Rather, we reviewed only those internal controls related to our objective.

We conducted our audit from June 2012 to April 2013 and performed our fieldwork at the State agency's office in Olympia, Washington.

METHODOLOGY

To accomplish our objective, we:

- reviewed Federal and State laws, regulations, and guidance and the State plan;
- held discussions with CMS officials to gain an understanding of CMS guidance furnished to State agency officials concerning home health services;
- held discussions with State agency officials to gain an understanding of State policies and procedures for claiming Federal reimbursement for home health services;
- reconciled home health service expenditures claimed by the State agency on the Forms CMS-64 with supporting schedules and MMIS claim data from July 1, 2010, through March 31, 2012;
- analyzed the home health claim data to determine whether payments were made for services that exceeded the maximum allowable number of reimbursable visits by (1) identifying service lines with paid units that exceeded the maximum allowable number of paid units for skilled nursing, specialized therapy,³ and home health aide services, (2) verifying whether any of the service lines were adjusted, and (3) calculating the paid amount that exceeded the maximum reimbursable amount for each service line; and
- reviewed the claim data to determine whether the State agency claimed reimbursement for skilled nursing and home health aide services that exceeded the maximum allowable number of reimbursable visits after the State agency had implemented MMIS edits for these types of services.

³ We separately analyzed physical, occupational, and speech therapy services to determine whether more than one unit of each type of service was paid per day.

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 C: STATE AGENCY COMMENTS



STATE OF WASHINGTON HEALTH CARE AUTHORITY

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July 11, 2013

Lori A. Ahlstrand, Regional Inspector General for Audit Services
Office of Audit Services, Region IX
90 – 7th Street, Suite 3-650
San Francisco, CA 94103

Dear Ms. Ahlstrand:

SUBJECT: Report Number: A-09-12-02056

This letter is in response to your communication dated Jun 6, 2013 regarding the U.S. Department of Health and Human Services, Office of Inspector General (OIG), draft report entitled Washington State Claimed a Small Amount of Unallowable Medicaid Reimbursement/or Home Health Services that Exceeded the Maximum Allowable Number of Reimbursable Visits.

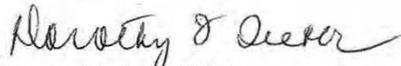
The Health Care Authority's (HCA) Medicaid program thanks you for your feedback and as a result, has instituted changes in the Home Health program.

The agency has implemented edits to support the applicable policy regarding the limit for the number of reimbursable visits for specialized therapy services for the Home Health program. A sample of claims was pulled which verified edits were working to support accurate claim adjudication.

HCA reviewed the Home Health Skilled Nursing, Home Health Aide Services, and Home Health Specialized Therapy data and is in agreement with the OIG findings. The agency is currently recovering this overpayment through claims adjustments and normal recovery processes. The federal share will be returned through the normal business processes and reported on the Centers for Medicare and Medicaid Services 64 appropriately pursuant to 42 CFR 433.

Should you have any questions, please do not hesitate to call Thuy Hua-Ly, Chief Financial Officer, by telephone at 360-725-1855 or via email at Thuy.Hua-Ly@hca.wa.gov.

Sincerely,


Dorothy F. Teeter, MHA
Director

cc: MaryAnne Lindeblad, Medicaid Director, HCA
Thuy Hua-Ly, Chief Financial Officer, FS, HCA
Gail Kreiger, Section Manager, HCS, HCA
Annette Rumsey, Risk Manager/Internal Auditor, FS, HCA