

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**QUESTIONABLE BILLING  
FOR MEDICAID PEDIATRIC  
DENTAL SERVICES  
IN INDIANA**



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# **EXECUTIVE SUMMARY: QUESTIONABLE BILLING FOR MEDICAID PEDIATRIC DENTAL SERVICES IN INDIANA**

## **OEI-02-14-00250**

### **WHY WE DID THIS STUDY**

Medicaid is the primary source of dental coverage for children in low-income families and provides access to dental care for approximately 37 million children. In recent years, a number of dental providers and chains have been prosecuted for providing unnecessary dental procedures to children with Medicaid and causing harm in the process.

### **HOW WE DID THIS STUDY**

We based our analysis on Indiana Medicaid fee-for-service paid claims for general dentists and oral surgeons who provided services to 50 or more children in 2012. Using several measures, we identified dental providers with questionable billing who are extreme outliers when compared to their peers in Indiana.

### **WHAT WE FOUND**

We identified 94 general dentists and 1 oral surgeon in Indiana with questionable billing. These providers are extreme outliers when compared to their peers. Medicaid paid these providers \$30.5 million for pediatric dental services in 2012.

These 95 dental providers—representing 11 percent of the providers we reviewed—received extremely high payments per child; provided an extremely large number of services per day; provided an extremely large number of services per child per visit; and/or provided certain selected services to an extremely high proportion of children. These services included pulpotomies, which are often referred to as “baby root canals,” and behavior management, which includes techniques to calm or restrain a child. Notably, two-thirds of the general dentists with questionable billing worked for four dental chains in Indiana. Three of these chains have been the subject of Federal and State investigations. A concentration of such providers in chains raises concerns that these chains may be encouraging their providers to perform unnecessary procedures to increase profits.

Further, our findings raise concerns that certain providers may be billing for services that are not medically necessary or were never provided. They also raise concerns about the quality of care provided to children with Medicaid. Although our findings do not prove that providers either billed fraudulently or provided medically unnecessary services, providers who bill for extremely large numbers of services warrant further scrutiny.

### **WHAT WE RECOMMEND**

We recommend that the Indiana Family & Social Services Administration (1) enhance its monitoring of dental providers to identify patterns of questionable billing; (2) closely monitor billing by providers in dental chains; (3) ensure that dental providers appropriately bill for behavior management and educate providers on the use of behavior management; and (4) take appropriate action on the dental providers identified as having questionable billing. The Indiana Family & Social Services Administration concurred with all four of our recommendations.

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## OBJECTIVE

To identify dental providers with questionable billing for Medicaid pediatric dental services in Indiana in 2012.

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## BACKGROUND

Medicaid is the primary source of dental coverage for children in low-income families and provides access to dental care for approximately 37 million children.<sup>1</sup> Medicaid's Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit requires States to cover all medically necessary dental services for children 18 years of age and under.<sup>2</sup> Medicaid dental services must include diagnostic and preventive services, as well as needed treatment and followup care. Diagnostic services may include x-rays of the mouth; preventive services may include cleanings, topical fluoride applications, and dental sealants. Dental treatment covers a wide range of services such as fillings; tooth extractions; and pulpotomies, which are often referred to as "baby root canals."

In recent years, a number of individual dental providers and chains have been prosecuted for providing services that were medically unnecessary or that failed to meet professionally recognized standards of care. These providers have often been found to have suspect Medicaid billing patterns when compared to their peers. For example, in 2013, an orthodontist with practices in both Indiana and Texas was convicted for health care fraud in Texas and was sentenced to 50 months in prison.<sup>3</sup> He provided medically unnecessary services and billed for services that were never provided. He also maximized Medicaid reimbursement by sometimes scheduling more than 100 Medicaid patients per day.

In addition, FORBA Holdings, LLC (referred to hereafter as FORBA), a dental management company that manages clinics nationwide known as "Small Smiles Centers," settled with the United States in 2010 for \$24 million to resolve allegations of providing services that were either

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<sup>1</sup> Thomas P. Wall, *Dental Medicaid – 2012*, American Dental Association (ADA), 2012. See also Centers for Medicare & Medicaid Services (CMS), *Annual EPSDT Participation Report, Form CMS-416 (National), Fiscal Year 2012*, April 3, 2014.

<sup>2</sup> Social Security Act (SSA) § 1905(r)(3); 42 CFR § 441.56. Dental services are covered up to age 18, but States may choose to extend eligibility through age 21. Indiana is among the States that have done so.

<sup>3</sup> The United States Attorney's Office for the Northern District of Texas, *Amarillo, Texas, Orthodontist Sentenced to 50 Months in Federal Prison on Health Care Fraud Conviction*, April 9, 2013. Accessed at [http://www.justice.gov/usao/txn/PressRelease/2013/APR2013/apr9goodwin\\_michael\\_HCF\\_sen.html](http://www.justice.gov/usao/txn/PressRelease/2013/APR2013/apr9goodwin_michael_HCF_sen.html) on May 8, 2014.

medically unnecessary or performed in a manner that failed to meet professionally recognized standards of care to children with Medicaid.<sup>4</sup> As part of the settlement, FORBA agreed to enter into a 5-year Corporate Integrity Agreement with the Office of Inspector General (OIG). FORBA subsequently changed its name to Church Street Health Management, LLC, and was then acquired by CSHM, LLC.

In 2012, the Senate Finance and Judiciary Committees investigated CSHM and concluded that contrary to CSHM's claims, it is the de facto owner of the Small Smiles clinics and that the ownership structure "undermined the independent, professional, and clinical judgment of Small Smiles dentists."<sup>5</sup> In April 2014, OIG excluded CSHM from participation in Medicaid, Medicare, and all other Federal health care programs for a period of 5 years.<sup>6</sup> Other dental chains have also been investigated for allegedly encouraging their providers to perform unnecessary procedures to increase profits.<sup>7</sup>

### **Indiana Medicaid Dental Claims**

Indiana covers biannual dental screenings for children with Medicaid under the age of 21, as well as covering medically necessary treatment services. The biannual screenings generally consist of an examination, x-rays, cleaning, a topical fluoride application, and oral hygiene instruction. Treatment services include fillings, crowns, and oral surgery. The State has a number of specific policy guidelines for when certain services are covered, as well as frequency limitations for certain services. Indiana covers dental services on a fee-for-service basis; it currently does not cover these services through managed care.

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<sup>4</sup> U.S. Department of Justice (DOJ), *National Dental Management Company Pays \$24 Million to Resolve Fraud Allegations*, January 20, 2010. Accessed at <http://www.justice.gov/opa/pr/2010/January/10-civ-052.html> on February 20, 2014.

<sup>5</sup> U.S. Senate Committee on Finance and Committee on the Judiciary, *Joint Staff Report on the Corporate Practice of Dentistry in the Medicaid Program*, page 10. Accessed at [www.finance.senate.gov/library/prints/download/?id=1c7233e0-9d08-4b83-a530-b761c57a900b](http://www.finance.senate.gov/library/prints/download/?id=1c7233e0-9d08-4b83-a530-b761c57a900b) on February 20, 2014.

<sup>6</sup> The exclusion was effective September 30, 2014. OIG, *OIG Excludes Pediatric Dental Management Chain From Participation in Federal Health Care Programs*. Accessed at <http://oig.hhs.gov/newsroom/news-releases/2014/cshm.asp> on April 4, 2014.

<sup>7</sup> In addition to CSHM, the Senate Finance and Judiciary Committees investigated the following chains: Kool Smiles, ReachOut Healthcare America, Heartland Dental Care, and Aspen Dental Management. In addition, other dental chains have also been the subject of Federal and State investigations. For example, in 2012, the All Smiles chain and its owner agreed to pay the United States and State of Texas \$1.2 million to resolve allegations that All Smiles violated the civil False Claims Act and the Texas Medicaid Fraud Prevention Act. DOJ, *Texas Orthodontic Clinic and Former Owner Resolve Allegations of False Medicaid Claims*, March 21, 2012. Accessed at [http://www.justice.gov/usao/txn/PressRelease/2012/MAR2012/mar21Malouf\\_AllSmilesSettlement\\_PR.html](http://www.justice.gov/usao/txn/PressRelease/2012/MAR2012/mar21Malouf_AllSmilesSettlement_PR.html) on June 13, 2014.

Indiana also allows dental providers to use “behavior management” techniques when treating children. Behavior management may range from soothing an uncooperative child to using physical restraints, such as a “papoose board,” to stabilize the child.<sup>8</sup> Dental providers must document the reason for the use of behavior management in the medical record and provide evidence that the child required more management than was reasonable and necessary compared to other children of the same age.<sup>9</sup> According to the American Academy of Pediatric Dentistry (AAPD), physical restraints should be used only when less restrictive methods are not effective and should not be used frequently because they have the potential to produce physical or psychological harm.<sup>10</sup>

Indiana has several systems in place to oversee Medicaid pediatric dental claims. The State has claims-processing “edits”—system processes to ensure proper payment of claims—that it uses to review submitted claims before paying for them. These edits ensure, among other things, that the services were provided within State frequency limitations or at certain time intervals. In addition, the State analyzes claims to identify providers with unusual billing patterns, such as overutilization, upcoding, or unbundling.<sup>11</sup> For example, Indiana’s recent analyses, which used algorithms based on the State’s coverage policies, included reviews of dental cleanings, fluoride applications, and oral examinations. The State also conducted a review for potential upcoding for certain services, such as simple extractions that were upcoded to surgical extractions.

### **Related Work**

This report is part of a series. Other reports in this series will examine Medicaid dental providers in other States. An additional report covering multiple States will determine the extent to which children enrolled in Medicaid received dental services.

The first report in this series identified 23 general dentists and 6 orthodontists with questionable billing in New York.<sup>12</sup> Medicaid paid these providers \$13.2 million for pediatric dental services in 2012. Almost a third of these 23 general dentists were associated with a single dental chain that had settled lawsuits for providing services that were medically

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<sup>8</sup> A “papoose board” is a board with straps that is used to limit a patient’s movement and hold the patient steady during a medical procedure.

<sup>9</sup> Providers may bill for behavior management only once per visit.

<sup>10</sup> AAPD, *Guideline on Behavior Guidance for the Pediatric Dental Patient*, 2011.

<sup>11</sup> Overutilization is the provision of services beyond what is medically necessary. Upcoding is the practice of billing for a service that is more expensive than the service that was actually provided. Unbundling is the practice of maximizing reimbursement by billing separately for the components of a procedure that has an all-inclusive payment code.

<sup>12</sup> OIG, *Questionable Billing for Medicaid Pediatric Dental Services in New York*, OEI-02-12-00330, March 2014.

unnecessary or that failed to meet professionally recognized standards of care to children.

The second report in this series identified 26 general dentists and 1 oral surgeon with questionable billing in Louisiana.<sup>13</sup> Medicaid paid these providers \$12.4 million for pediatric dental services in 2012. Almost a third of the providers worked for two dental chains.

In addition, a recent OIG audit found that providers inappropriately billed for orthodontic services provided to 43 of 100 sampled beneficiaries in New York City, totaling an estimated \$7.8 million in inappropriate reimbursement.<sup>14</sup> Some of these services were provided without the required approval, whereas other services were undocumented or were never provided. These deficiencies occurred because the State agency and providers did not ensure that cases were reviewed annually to determine the need for continuing care and did not ensure that services were adequately documented.

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## METHODOLOGY

We based our analysis on Medicaid paid dental claims provided by Indiana with service dates from January 1, 2012, through December 31, 2012. We excluded claims for services with special payment rates, such as those submitted by Federally Qualified Health Centers.<sup>15</sup> We analyzed claims from “rendering dental providers”—the providers who provided the services, as opposed to billing providers—to ensure that we compared claims from the providers who performed the services.

We focused our analysis on general dentists and oral surgeons. We analyzed the two provider types separately because their billing patterns varied significantly. We did not include pediatric dental specialists because the wide variation in their billing behavior made it difficult to analyze them as one peer group. Some pediatric dental specialists provide services that make them similar to general dentists, while others in this group provide more complex services. In addition, we did not do a

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<sup>13</sup> OIG, *Questionable Billing for Medicaid Pediatric Dental Services in Louisiana*, OEI-02-14-00120, August 2014.

<sup>14</sup> OIG, *New York Improperly Claimed Medicaid Reimbursement for Orthodontic Services to Beneficiaries in New York City*, A-02-11-01003, October 2013.

<sup>15</sup> We also excluded services provided in a hospital setting because these services differ from services provided in an office setting. In total, we identified 1,524 dental providers who provided services to children with Medicaid in 2012 on a fee-for-service basis.

separate analysis of other dental specialists because there were too few to analyze.<sup>16</sup>

### **General Dentists**

Our analysis focused on 787 general dentists who provided services to 50 or more children with Medicaid during 2012. These dentists served a total of 264,851 children with Medicaid. We developed a number of measures to identify dentists with questionable billing who are extreme outliers when compared to their peers. We developed these measures based on input from officials from CMS, The American Academy of Pediatric Dentistry, and The American Dental Association. We also discussed these measures, as well as the State's oversight of Medicaid pediatric dental claims, with staff from the State Medicaid agency—the Indiana Family & Social Services Administration—and with the State's Fraud & Abuse Detection System contractor. We developed these measures to capture several different types of fraud, waste, and abuse. For these measures, we included only the children with Medicaid served by these dental providers; we did not include other children whom they served.

For each general dentist, we calculated the following three measures for 2012:

- the average Medicaid payment per child served,
- the average number of services provided per day, and
- the average number of services provided per child per visit.

We developed five additional measures for general dentists who provided selected services in 2012. For each dentist who provided the following service, we calculated the proportion of children with Medicaid who received:

- fillings,
- extractions,
- stainless steel crowns,
- pulpotomies, and
- behavior management.<sup>17</sup>

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<sup>16</sup> In 2012, five periodontists, three orthodontists, and two prosthodontists provided services to 50 or more children with Medicaid in Indiana. (Prosthodontists specialize in dental prostheses, such as crowns, bridges, implants, and dentures.)

<sup>17</sup> For this study, we added a measure on behavior management because the State has few restrictions on its use, compared to the other States we are reviewing. For example, New York allows behavior management to be used only with developmentally disabled children.

For each measure, we analyzed the averages and the distribution for all general dentists.

Next, we set a threshold for each measure that, if exceeded, indicated that the dentist had billed an extremely high amount or number compared to other general dentists in the State. We used a standard technique for identifying outliers, known as the Tukey method.<sup>18</sup> Under the Tukey method, outliers are values greater than the 75th percentile plus 1.5 times the interquartile range. Additionally, under this method, *extreme* outliers are values greater than the 75th percentile plus 3 times the interquartile range. For this study, we only employed this more conservative approach to identify extreme outliers. We considered dentists who exceeded the threshold for one or more of the eight measures to have questionable billing.

### **Oral Surgeons**

Unlike general dentists, who provide a variety of services, oral surgeons typically perform a more complex set of procedures. For this analysis, we analyzed 81 oral surgeons who provided services to 50 or more children with Medicaid in 2012.<sup>19</sup> These oral surgeons served a total of 10,338 children with Medicaid.

For this analysis, we calculated three measures for each oral surgeon:

- the average Medicaid payment per child served,
- the average number of services provided per day, and
- the average number of services provided per child per visit.

As with our analysis for general dentists, for each of these measures, we set the thresholds for extreme outliers at the 75th percentile plus 3 times the interquartile range. Oral surgeons who exceeded these thresholds were extreme outliers compared to their peers and were considered to have questionable billing.

### **Additional Analysis**

For each general dentist or oral surgeon who exceeded the threshold for one or more of the measures, we conducted Internet searches on the provider's background and analyzed his or her claims and payment history. In a few cases, we excluded providers who were actually specialists but had not indicated this on their claims. For the remaining providers, we identified providers who worked for a dental chain in 2012,

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<sup>18</sup> See J.W. Tukey, *Exploratory Data Analysis*. Addison-Wesley, 1977.

<sup>19</sup> A total of 117 oral surgeons provided services to children with Medicaid in 2012. Of these, 81 oral surgeons provided services to 50 or more children with Medicaid.

based on the billing addresses associated with their claims.<sup>20</sup> We researched public records to determine whether any of these chains had been subject to State or Federal investigations.

### **Limitations**

We designed this study to identify general dentists and oral surgeons who warrant further scrutiny. None of the measures we analyzed confirm that a particular provider is engaging in fraudulent or abusive practices. Some providers may be billing extremely large amounts or numbers for legitimate reasons.

### **Standards**

This study was conducted in accordance with the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency.

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<sup>20</sup> We defined a dental chain as an entity with five or more locations within a State or around the country.

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## FINDINGS

### **Ninety-four general dentists and one oral surgeon in Indiana had questionable billing in 2012**

We identified 94 general dentists and 1 oral surgeon with questionable billing.<sup>21</sup> We identified these providers by looking at general dentists and oral surgeons in Indiana who served more than 50 children with Medicaid in 2012.

The providers with questionable billing are extreme outliers when compared to their peers. Although they made up only 11 percent of the general dentists and oral surgeons we reviewed, they provided care to 39 percent of the children with Medicaid served by the providers we reviewed.<sup>22</sup> Medicaid paid these 95 providers \$30.5 million for pediatric dental services in 2012.

Two-thirds of the general dentists with questionable billing worked for four dental chains. Three of these chains have been the subject of State and Federal investigations.

These billing patterns indicate that certain dental providers may be billing for services that are not medically necessary or were never provided. They also raise concerns about quality of care and whether children treated by these providers were harmed by these procedures. Although our findings do not prove that providers either billed fraudulently or provided medically unnecessary services, providers who bill for extremely large numbers of services warrant further scrutiny.

### ***Nine General Dentists Received Extremely High Payments Per Child***

General dentists in Indiana received an average payment of \$254 for each child with Medicaid. Nine dentists, however, received an average of more than \$650 per child.<sup>23</sup> One dentist averaged \$1,082 per child. Four of these dentists received more than \$3,000 per child for a total of 57 children. Extremely high payments raise concerns about whether these dentists are billing for unnecessary services or services that they did not

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<sup>21</sup> Several dental providers exceeded the threshold for more than one measure.

<sup>22</sup> The 787 general dentists and 81 oral surgeons we reviewed served a total of 268,538 children with Medicaid. Some children were seen by both a general dentist and an oral surgeon.

<sup>23</sup> Dental providers sometimes exceeded (rather than just *meeting*) the thresholds for questionable billing, and therefore the numbers in the text are sometimes greater than those for the thresholds presented in the tables on pages 9 and 10.

provide. See Table 1 for more information on general dentists with extremely high average payments or large numbers of services.

**Table 1: General Dentists With Extremely High Average Payments or Large Numbers of Services**

Measure	Average for General Dentists *	Threshold of Questionable Billing	Number of Dentists Who Exceeded Threshold
Average Payments Per Child	\$254	\$645	9
Average Number of Services Per Day	18	51	64
Average Number of Services Per Child Per Visit	4	7	4

Source: OIG analysis of Indiana Medicaid claims data, 2014.

Note: One dentist exceeded two thresholds.

\* Includes general dentists who served 50 or more children with Medicaid in 2012.

### ***Sixty-Four General Dentists Provided an Extremely Large Number of Services Per Day***

General dentists in Indiana provided an average of 18 services per day to children with Medicaid. Sixty-four dentists each averaged at least 51 services per day, with 1 dentist averaging 144 services per day. These dentists provided extremely large numbers of services on certain days of the year, with 1 dentist providing over 250 services per day on 13 different days. On 1 day, she provided 343 services. If this dentist spent only 5 minutes performing each service, it would have taken over 28 hours to complete all 343 of these services. An extraordinarily large number of services per day raises concerns that a dentist may be billing for services that were not medically necessary or were never provided, as well as raising concerns about the quality of care being provided.

### ***Four General Dentists Provided an Extremely Large Number of Services Per Child Per Visit***

General dentists in Indiana provided an average of four services per Medicaid child during a single visit. Four dentists, however, averaged 7 or more services per child per visit, with 1 dentist averaging 12 services per child per visit.

These dentists provided extremely large numbers of services to certain children during a single visit, raising concerns both about potential fraudulent billing and about quality of care. Each of these dentists provided more than 20 services in a single visit to a total of 49 children.

One dentist provided 39 services to a child during a single visit. These services consisted primarily of fillings and extractions.

***Twenty-Seven General Dentists Provided Selected Services to an Extremely High Proportion of Children They Served***

When compared to their peers in the State, 27 general dentists provided selected services to an extremely high proportion of children with Medicaid that they served. This billing behavior warrants further scrutiny, as it may indicate billing for services that were not medically necessary or were never provided. It also raises concerns about quality of care and whether or not children treated by these dentists were harmed by these procedures. See Table 2 for more information on general dentists who provided selected services to an extremely high proportion of children.

**Table 2: General Dentists Who Provided Selected Services to an Extremely High Proportion of Children With Medicaid They Served**

Measure	Average for General Dentists *	Threshold of Questionable Billing	Number of Dentists Who Exceeded Threshold
Proportion of children who received extractions	9%	28%	9
Proportion of children who received pulpotomies	2%	9%	6
Proportion of children who received stainless steel crowns	4%	22%	2
Proportion of children who received fillings	31%	86%	1
Proportion of children who received behavior management	5%	17%	13

Source: OIG analysis of Indiana Medicaid claims data, 2014.

Note: Four dentists exceeded two thresholds.

\* Includes general dentists who served 50 or more children with Medicaid in 2012.

Extractions. Nine general dentists performed extractions on an extremely high proportion of the children with Medicaid that they served.

Twenty-eight percent or more of the children served by these dentists had one or more teeth extracted, compared to an average of 9 percent of children served by general dentists performing extractions in the State. Three dentists performed extractions on more than half the children they served, with one dentist performing extractions on 92 percent of the children he served.

Pulpotomies. Six general dentists provided pulpotomies to an extremely high proportion of children with Medicaid that they served. Eleven

percent or more of the children served by these dentists received pulpotomies, compared to an average of only 2 percent of children served by all general dentists who provided pulpotomies. One dentist provided pulpotomies to 15 percent of the children he served. Another dentist provided 5 or more pulpotomies per child per visit for 12 children.

*Stainless Steel Crowns.* Two general dentists provided stainless steel crowns to an extremely high proportion of children with Medicaid whom they served. Twenty-four percent or more of the children served by these dentists received stainless steel crowns, compared to an average of only 4 percent of children served by all general dentists who provided stainless steel crowns.

*Fillings.* One general dentist provided fillings to an extremely high proportion of the children with Medicaid that he served. Eighty-eight percent of the children served by this dentist received fillings, compared to an average of 31 percent of children served by all general dentists who provided fillings.

*Behavior Management.* Thirteen general dentists provided behavior management to an extremely high proportion of children with Medicaid that they served. As previously noted, Indiana allows providers to bill for behavior management, which can include the use of additional staff or the use of physical restraints. Four of the thirteen dentists provided behavior management to more than half of the children they served; one dentist used behavior management for 98 percent of the children she served. Although Indiana does not have strict criteria for when a dentist may provide behavior management, a dentist's providing a high proportion of children with this service raises questions as to whether such a service was necessary. In particular, providers must carefully consider whether physical restraints should be used at all, because they have the potential to produce physical or psychological harm.<sup>24</sup>

In addition, 11 of the 13 dentists billed for behavior management inappropriately. These dentists were paid more than once for behavior management for the same child for the same visit, when the State requires that providers bill for it only once. One of these dentists received such multiple payments for 448 visits. In total, these 11 dentists received about \$46,000 for behavior management.

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<sup>24</sup> AAPD, *Guideline on Behavior Guidance for the Pediatric Dental Patient*, 2011.

### ***One Oral Surgeon Provided an Extremely Large Number of Services Per Day***

Oral surgeons in Indiana provided an average of six services per day to children with Medicaid in 2012. One oral surgeon, however, provided an average of 19 services per day. He provided over 30 services on 15 days and 72 services on 1 day. Forty percent of the services he provided were extractions. Given that procedures performed by oral surgeons may take more time than routine dental services, this provider's billing patterns raise concerns both about potential fraudulent billing and about quality of care and children's safety.

### ***Two-Thirds of the General Dentists With Questionable Billing Worked for Four Dental Chains; Three of Which Have Been the Subject of State and Federal Investigations***

Of the 94 general dentists with questionable billing, 62 worked for four dental chains in Indiana. Three of these chains have been the subject of Federal and State investigations. These investigations found that dentists provided services that were either medically unnecessary or were performed in a manner that failed to meet professionally recognized standards of care to children. A concentration of dental providers with questionable billing in a small number of dental chains raises concerns that these chains may be encouraging their providers to perform unnecessary procedures to increase profits.

One chain has been under scrutiny in several States for providing unnecessary services.<sup>25</sup> For example, in Georgia, it was the subject of two State audits and was found to have provided numerous instances of medically unnecessary services and poor-quality care.<sup>26</sup> As a result, two Medicaid managed care organizations in the State excluded this chain from their networks in 2007.<sup>27</sup> Thirty-one dentists whom we identified with questionable billing worked for this chain.

A second chain settled with the U.S. Government for \$24 million to resolve allegations of providing services that were either medically unnecessary or were performed in a manner that failed to meet professionally recognized standards of care to children.<sup>28</sup> It was also the

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<sup>25</sup> David Heath and Jill Rosenbaum, *The Business Behind Dental Treatment for America's Poorest Children*, The Center for Public Integrity, June 26, 2012. Accessed at <http://www.publicintegrity.org/2012/06/26/9187/business-behind-dental-treatment-america-s-poorest-kids> on April 21, 2014.

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

<sup>28</sup> U.S. Department of Justice (DOJ), *National Dental Management Company Pays \$24 Million to Resolve Fraud Allegations*, January 20, 2010. Accessed at <http://www.justice.gov/opa/pr/2010/January/10-civ-052.html> on July 13, 2012.

subject of lawsuits on behalf of more than 100 plaintiffs in Ohio, New York, and Oklahoma for allegedly providing unnecessary or excessive services.<sup>29</sup> The chain was recently excluded from participation in Medicaid, Medicare, and all other Federal health care programs for a period of 5 years because of material breaches in its Corporate Integrity Agreement with OIG. Sixteen dentists whom we identified as having questionable billing worked for this chain.

The third chain, which operates mobile school-based clinics, has been the subject of investigations arising from complaints that dentists affiliated with it had treated children without their parents' permission and had provided medically unnecessary services.<sup>30</sup> The Senate Finance and Judiciary Committees also investigated this chain, citing a potential pattern of treatment without parental consent.<sup>31</sup> For example, according to the Committees' report, a 4-year-old "medically fragile" boy in Arizona was treated without a parent's consent, receiving pulpotomies and stainless steel crowns while being physically restrained by three staff members.<sup>32</sup> Subsequent examinations initiated by the family suggested that the dental work provided was unnecessary. Thirteen dentists with questionable billing worked for this chain.

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<sup>29</sup> United States Bankruptcy Court for the Middle District of Tennessee, Nashville Division, *Affidavit of Martin McGahan, the Chief Restructuring Officer of Church Street Health Management, LLC, in Support of Chapter 11 Petitions and First Day Pleadings*. See also District Court for the Northern District of Ohio, Western Division, *Parnell v. FORBA Holdings, LLC*; District Court of Oklahoma County, State of Oklahoma, *Hernandez v. Forba Holdings, LLC*; and Supreme Court, Onondaga County, *Varano v. FORBA Holdings, LLC*.

<sup>30</sup> Sydney P. Freedberg, *Dental Abuse Seen Driven by Private Equity Investments*, Bloomberg News, May 16, 2012. Accessed at <http://www.bloomberg.com/news/2012-05-17/dental-abuse-seen-driven-by-private-equity-investments.html> on April 25, 2014.

<sup>31</sup> U.S. Senate Committee on Finance and Committee on the Judiciary, *Joint Staff Report on the Corporate Practice of Dentistry in the Medicaid Program*. Accessed at [www.finance.senate.gov/library/prints/download/?id=1c7233e0-9d08-4b83-a530-b761c57a900b](http://www.finance.senate.gov/library/prints/download/?id=1c7233e0-9d08-4b83-a530-b761c57a900b) on February 20, 2014.

<sup>32</sup> *Ibid.*

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## CONCLUSION AND RECOMMENDATIONS

Dental providers who participate in Medicaid provide much-needed access to dental services for children in the program. When children lack such access, untreated decay and infection in their mouths can result in more complicated and expensive dental and medical interventions later in life. At the same time, we have concerns about the extreme billing patterns of a number of general dentists and one oral surgeon in Indiana. Specifically, these 95 dental providers—representing 11 percent of the providers we reviewed—received extremely high payments per child; provided an extremely large number of services per day; provided an extremely large number of services per child per visit; and/or provided certain selected services to an extremely high proportion of children. Medicaid paid these providers \$30.5 million for pediatric dental services in 2012. Although our findings do not prove that providers either billed fraudulently or provided medically unnecessary services, providers who bill for extremely large numbers of services warrant further scrutiny.

Our findings raise concerns that certain dental providers may be billing for services that are not medically necessary or were never provided. They also raise concerns about the quality of care provided to these children. Prior OIG reports have also found vulnerabilities in the oversight of Medicaid dental providers. Additionally, OIG has identified some specific vulnerabilities regarding the practices of certain dental chains. Notably, two-thirds of the general dentists with questionable billing worked for four dental chains in Indiana. Three of these chains have been the subject of Federal and State investigations. A concentration of such providers in chains raises concerns that these chains may be encouraging their providers to perform unnecessary procedures to increase profits.

Together, these findings demonstrate the need to improve the oversight of Medicaid pediatric dental services. OIG is committed to conducting additional studies of dental providers. We are also committed to examining access to Medicaid dental services and to continuing to conduct investigations and audits of specific dental providers with questionable billing.

Indiana must use the tools at its disposal to effectively identify and fight fraud, waste, and abuse, while at the same time ensuring that children have adequate access to quality dental care in the Medicaid program.

Therefore, we recommend that the Indiana Family & Social Services Administration:

### **Enhance its monitoring of dental providers to identify patterns of questionable billing**

The State should enhance its monitoring of Medicaid dental providers. To do this, it should use the measures that we developed for this report to better identify

providers with patterns of questionable billing. State monitoring can result in cost savings, as well as ensuring that children receive quality dental care.

### **Closely monitor billing by providers in dental chains**

A concentration of dental providers with questionable billing in a small number of dental chains raises concerns that these chains may be encouraging their providers to perform unnecessary procedures to increase profits. We recommend that the State more closely monitor claims that are submitted by providers in dental chains. To do so, it must (1) identify the chains in its State, (2) identify all Medicaid providers in each chain, and (3) review claims from providers in each chain for patterns of questionable billing. The State should then follow up on individual providers and chains as warranted.

### **Ensure that dental providers bill only once per visit for behavior management and educate providers on the use of behavior management**

The State should ensure that dental providers bill only once per visit for behavior management. It should do this by implementing a claims processing edit that would automatically limit billing for behavior management to once per visit. The State should also educate providers about the potential physical or psychological harm that may result from excessive or inappropriate use of behavior management.

### **Take appropriate action on the dental providers identified as having questionable billing**

In a separate memorandum, we will refer to the State the dental providers that we identified as having questionable billing. The State should review these providers' billing patterns; review dental records and supporting documentation; and/or perform unannounced site visits. Then the State should determine what action(s) are most appropriate. These actions include, but are not limited to (1) law enforcement actions, if fraud is identified; (2) referral to the State's board of dentistry for licensure violations; (3) recoupment of payments, if the State determines that claims were paid in error; (4) revocation of Medicaid billing privileges; (5) education about how to appropriately bill for pediatric dental services; and (6) no action, if the State determines that a given provider does not demonstrate a vulnerability to the program or to children with Medicaid.

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## AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

The Indiana Family & Social Services Administration (the Administration) concurred with all four of our recommendations.

The Administration concurred with our first recommendation and stated that it would enhance its monitoring of dental providers through its existing fraud and abuse detection system.

The Administration concurred with our second recommendation and described its efforts to closely monitor billing by providers in dental chains. It stated that it will work with other State agencies to develop the means to link all providers who are in the same chain. The Administration added that, moving forward, its risk assessment process will identify whether a single provider is part of a larger network and determine whether all members in the same dental chain should be reviewed.

The Administration concurred with our third recommendation and described its efforts to ensure that dental providers bill only once per visit for behavior management and to educate providers on the use of behavior management. The Administration stated that it is changing its payment system to stop the service code from being paid multiple times during the same visit. Further, it noted that it will recoup any erroneous payments from providers. In addition, the Administration will review all paid claims for behavior management to identify dental providers who are outliers amongst their peers. Finally, the Administration reported that it will develop a publication to all dental providers reiterating the State's guidelines on billing for behavior management.

The Administration concurred with our fourth recommendation and described its plans to take appropriate action with the dental providers that we identified as having questionable billing. It indicated that the State has an established process to investigate and take action with providers identified as having questionable billing. The State said that this process includes (1) targeted auditing and onsite reviews; (2) recovery of funds provided in error; (3) prepayment review; (4) provider suspension and termination; and (5) referral to the dental licensing board and/or referral to prosecutors or the State Attorney General for investigation and criminal action. The Administration noted that it will validate the questionable billing we identified and that it will take appropriate action with the providers with substantiated erroneous billing.

OIG supports the Administration's efforts to protect the program integrity of pediatric dental services in Indiana. The full text of the Administration's comments is provided in the Appendix.

## APPENDIX

### Agency Comments



Michael R. Pence, Governor  
State of Indiana

*Office of Medicaid Policy and Planning*  
MS 07, 402 W. WASHINGTON STREET, ROOM W382  
INDIANAPOLIS, IN 46204-2739

October 1, 2014

Ms. Suzanne Murrin  
Deputy Inspector General  
for Evaluations and Inspections  
Department of Health and Human Services  
Office of Inspector General  
Cohen Building, Room 5660  
330 Independence Avenue, SW  
Washington, DC 20201

Re: OIG Report No. OEI-02-14-00250

Dear Ms. Murrin,

The Indiana Family & Social Services Administration ("FSSA") appreciates the opportunity to comment on the draft report of the Office of the Inspector General ("OIG") entitled "Questionable Billing for Medicaid Pediatric Dental Services in Indiana," Report No. OEI-02-14-00250, dated August 25, 2014 and received by the State on August 25, 2014 ("Audit Report"). The OIG identified 94 general dentists and one (1) oral surgeon in Indiana with questionable billing associated with services rendered to pediatric Medicaid patients. These providers were identified as outliers when compared to their peers. Indiana Medicaid reimbursed these providers approximately \$30.5 million for pediatric dental services in 2012. As a result of the initial audit findings, the OIG made the following recommendations to the Indiana FSSA: 1. Enhance monitoring of dental providers to identify patterns of questionable billing; 2. Closely monitor billing by providers in dental chains; 3. Ensure that dental providers bill only once per visit for behavior management and educate providers on the use of behavior management; and 4. Take appropriate action on dental providers identified as having questionable billing.

The State welcomes the opportunity to submit additional information on actions taken or planned to correct the findings in the OIG audit noted above. Please see the supporting information to the recommendations submitted to the State on August 25, 2014 below.

*Recommendation:*

*Enhance monitoring of dental providers to identify patterns of questionable billing.*

State Response: Indiana concurs with this recommendation

The OIG Report No. OEI-02-1400250 identified 94 general dentists and one (1) oral surgeon in Indiana with questionable billing associated with the following scenarios: greater than expected payments per child; greater than expected number of services per day; greater than expected number

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## APPENDIX

### Agency Comments (continued)

of services per child per visit; and, greater than expected number of select services to a high proportion of children served.

In 2011, the Indiana FSSA Program Integrity ("PI") Surveillance and Utilization Review ("SUR") department developed a Fraud & Abuse Detection System ("FADS") to assist the State in monitoring, identifying and recouping any erroneous payments made to providers as a result of fraud, waste and/or abuse. The FADS contractor has developed a series of algorithms to scrutinize the Indiana Medicaid claims data to identify potential outliers for further investigation. The FADS contractor also conducts provider peer comparisons of all Indiana Medicaid providers on an annual basis, at a minimum. Select provider specialties, identified as high-risk specialties, are evaluated on a quarterly basis. From these peer comparisons the PI team evaluates the results of the comparisons to determine the best means to address the concerns identified.

Since the inception of the FADS contract, the Indiana PI team has initiated two (2) dental-focused projects involving 62 dental providers within the state, resulting in identified and recovered overpayments of approximately \$324,000.00. Additionally, three (3) specific dental providers were identified for a full review due to results of the peer-comparison reports, as well as referrals and concerns relayed to PI. Of these three providers, two (2) of the providers received on-site reviews conducted by the State and the FADS contractors. Additionally, PI has seven (7) dental providers in queue to receive full Risk Assessments as a result of the peer comparisons and/or complaints received regarding the providers. The State has also been working in conjunction with the Medicaid Integrity Contractor ("MIC") for Indiana, Health Integrity, to facilitate reviews of two additional dental providers, resulting in significant errors identified for each of the providers. Once the initial audit findings are approved by CMS, PI will work with the MIC to facilitate recovery of the overpayments.

The State continues to work with the FADS contractors to monitor all provider specialties within the Indiana Medicaid program, including dental providers. Indiana will enhance the monitoring of dental providers through the FADS program. On-going interaction with other state PI units has also assisted in identifying potentially problematic areas within dental services for which Indiana will monitor for questionable practices.

Finally, Indiana intends to include dental services in certain Medicaid managed care programs starting in 2015 and is evaluating including dental benefits in managed care programs serving low-income children in Medicaid and CHIP as well. The State believes managed care organizations could assist in better identifying questionable billing patterns and bringing concerns regarding specific providers to the state. Managed care organizations will be accountable for ensuring the dental benefit is properly administered and have a financial incentive to monitor claims and improve the integrity of the program. Indiana currently provides all Medicaid dental benefits on a fee-for-service basis.

*Recommendation:*

*Closely monitor billing by providers in dental chains.*

**State Response:** Indiana concurs with this recommendation

Currently, the provider enrollment information available to the Indiana PI department does not include an indicator to link those providers enrolled as a single location to any larger dental chain to

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## APPENDIX

### Agency Comments (continued)

which they may be part of. The FSSA PI department will initiate discussion with the Indiana Office of Medicaid Policy and Planning, Indiana Medicaid Provider Enrollment, and the State's fiscal intermediary, HP, to develop the means to link all Indiana Medicaid providers who are part of a larger chain within the provider enrollment fields of the MMIS system. This will allow PI to isolate specific linked providers to examine more closely for aberrant billing and address accordingly. Currently, since the Indiana PI examines all dental providers and looks for the outliers amongst their peers, those providers with questionable billing patterns will be identified, regardless if they are part of a larger chain of providers or not. Moving forward, the investigative work conducted during the Risk Assessment process will identify if a single provider is part of a larger network; as such, if additional review is required to evaluate all the members involved with a dental chain, Indiana PI will have identified the linkage between individual locations to facilitate the comprehensive review.

*Recommendation:*

*Ensure that dental providers bill only once per visit for behavior management and educate providers on the use of behavior management.*

*State Response:* Indiana concurs with this recommendation

Currently, the Indiana Medicaid program directs dental providers to bill for Current Dental Terminology (CDT) code D9920 – Behavior Management, with one (1) unit per service rendered, not in 15-minute increments as outlined in the CDT manual. The Indiana Medicaid MMIS is programmed with a unit restriction of one (1) for code D9920 to deny any claims submitted for reimbursement with greater than one unit billed on a single date of service.

However, it was determined through discussion with the State's MMIS vendor that CDT code D9920 is currently listed on a procedure group table which allows for multiple details to pay on a single date of service. This table was established for select dental codes to allow for payment of same services on different teeth on the same date of service. Code D9920 was erroneously added to the table even though the guidelines limit the service to one unit per date of service. While the MMIS is preventing multiple units from being billed on the same detail line, it is allowing payment for code D9920 on multiple detail lines on the same date of service. The MMIS vendor is testing to see if removing code D9920 from the table will prevent this code from paying when billed on different detail lines within a single claim. Once this is established to be able to resolve the issue, the Indiana Office of Medicaid Policy and Planning will process the system change through the internal reference process. If the problem is unable to be resolved with this edit, the State will find an alternative solution to ensure the MMIS denies payment for greater than one unit of Behavior Management on a single date of service.

The Indiana FADS team developed and ran a data query to identify instances where the MMIS system reimbursed for greater than one unit on a single date of service for dates of service 07/01/2008 through 07/31/2013. The initial results indicate instances of a single unit of code D9920 billed on multiple detail lines for the same date of service. The results of this query will result in Draft Audit Findings letters being mailed to identified providers to recoup erroneously paid monies, and return of the federal share. The Indiana FADS team will work with the Office of Medicaid Policy and Planning to develop a publication to be submitted to all Indiana Medicaid dental providers to reiterate the State's guidelines regarding billing for Behavior Management.

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## APPENDIX

### Agency Comments (continued)

Additionally, a second data query has been developed to review all claims paid by Indiana Medicaid for Behavior Management to identify those dental providers who are outliers amongst their peers in the use of code D9920. Additional investigation into the billing patterns of these outliers will determine any other areas of concern associated with these select providers. Based upon the results of this query, remediation may take place through additional provider education or medical record audits of the potentially problematic providers to recover any related overpayments and improve the integrity of the Indiana Medicaid program.

*Recommendation:*

*Take appropriate action on the dental providers identified as having questionable billing.*

State Response: Indiana concurs with this recommendation

Indiana has an established process to investigate and take action on providers identified as having questionable billing, including targeted auditing and onsite reviews, recovery of funds provided in error, probationary prepayment review, provider suspension and termination, referral to the dental licensing board and/or referral to prosecutors or the State Attorney General for investigation and criminal action. Upon receipt of the provider-specific audit findings from HHS-OIG, Indiana will validate the identified questionable billings to eliminate any potential false-positive findings. Indiana will then determine and take the appropriate action on the providers with substantiated erroneous billing. Indiana will provide a report to the HHS-OIG on the results of the review of these providers upon completion.

The State appreciates your consideration of the information provided in this letter. If you have any questions or require additional information, please contact James Waddick at 317-234-7484 or [James.Waddick@fssa.in.gov](mailto:James.Waddick@fssa.in.gov).

Sincerely,

*/S/*

Joseph Moser  
Medicaid Director

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## ACKNOWLEDGMENTS

This report was prepared under the direction of Jodi Nudelman, Regional Inspector General for Evaluation and Inspections in the New York regional office, and Nancy Harrison and Meridith Seife, Deputy Regional Inspectors General.

Judy Kellis served as the team leader for this study. Other Office of Evaluation and Inspections staff from the New York regional office who conducted the study include Lucia Fort. Central office staff who provided support include Clarence Arnold, Meghan Kearns, and Christine Moritz.

# Office of Inspector General

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