

Department of Health and Hospitals

Processes to Prevent, Detect, and Recover Improper Medicaid Payments

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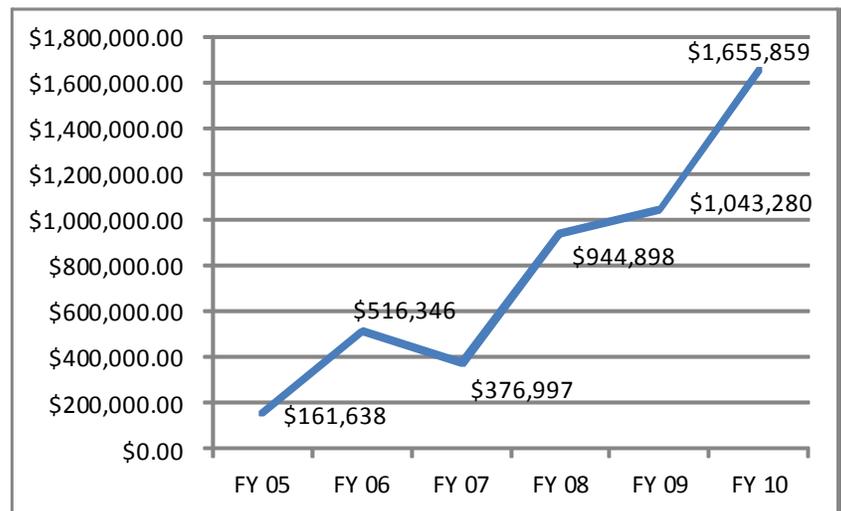
Report Highlights

Why We Did This Audit

The Department of Health and Hospitals (DHH) is responsible for overseeing program integrity activities designed to prevent, detect, and recover improper payments in the Medicaid program. Based on previous audit findings, and at the request of the DHH secretary, we reviewed DHH's processes related to these activities, compared DHH processes to other states, and identified improvements to enhance DHH's current activities. We focused our audit specifically on the Long-Term Personal Care Services program (LT-PCS), Elderly and Disabled Adults waiver (EDA), and New Opportunities waiver (NOW) because all of these provide in-home care for the elderly and individuals with disabilities. This population is particularly vulnerable and improper payments

to these providers have risen over the last five years as shown in the chart on the right. We also identified two ways the state could save money in the LT-PCS program. Our audit findings are summarized as follows:

Chart 1: Improper Payments to LT-PCS and Waiver Providers



Prevention of Improper Payments

- Lack of preventative computer edits have resulted in providers being allowed to claim an estimated \$700,000 to \$1.3 million in potentially improper claims for overlapping services in CY2010. A total of 1,563 direct care workers were charging the same time on the same day for different recipients because there is no edit check that prevents this when direct care workers work for two or more different providers.
- DHH could benefit from reviewing intercepted or pending claims prior to paying them for providers who meet certain characteristics. Since 2002, DHH's Surveillance and Utilization Review (SURS) unit has identified, through post-payment reviews, \$786,000 in improper payments to waiver and LT-PCS providers who claimed they provided services in the recipients' home while they were hospitalized or in nursing homes. We conducted a similar analysis on 2010 data comparing LT-PCS and hospital claims and identified \$194,163 in potentially improper payments.
- DHH should develop additional procedures in the authorization process to prevent providers from using old prior authorization numbers for previous clients. We identified \$19,845 in potentially improper payments to different providers who billed for the same recipient on the same day.
- Preventing low-quality providers from enrolling in the Medicaid program is one of the strongest methods to prevent improper payments. However, DHH is not in compliance with recent provider enrollment requirements of the Affordable Care Act that could enhance provider quality. These activities include periodically re-enrolling providers, making site visits prior to enrollment, and conducting criminal background checks.

Report Highlights, continued

Detection and Recovery of Improper Payments

- DHH should expand its programmatic monitoring process to include LT-PCS providers and to include a financial component to compare claims to supporting documentation to ensure that services were appropriately billed.
- DHH's current penalty structure and assessment of fines is not sufficient to deter provider noncompliance. Although DHH regulations allow discretion in imposing various sanctions, DHH has rarely imposed fines over the last five years. Of 677 SURS cases involving improper payments totaling \$4.3 million from 2005 to 2010, only 5% of those cases were fined for a total of \$96,000 in fines.

Cost Savings in LT-PCS Program

- Allowing one direct care worker to care for two LT-PCS recipients in the same home would have saved the state approximately \$3.5 million in CY2010. This is already allowed in the NOW and EDA waiver programs.
- DHH should reduce the length of time of the recipients' appeals process. The current process takes an average of five months. During this time, recipients are allowed to receive services at their previous level, up to the new program maximum of 32 hours. If DHH reduced the length of time of the entire process, it could save at least \$284,570 for every month that is reduced.

View the full report at la.la.gov.

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