

TEXAS HEALTH AND HUMAN SERVICES COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT REPORT

**BETHESDA LUTHERAN
HOMES AND SERVICES**

*A Texas Medicaid Home and Community-Based
Services Program Provider*



December 14, 2018

TABLE OF CONTENTS

INTRODUCTION	1
AUDIT RESULTS	3
CLAIMS SUPPORT	
<i>Issue 1: Some Units of Service Used for Billing Were Not Correct</i>	<i>4</i>
Recommendation 1.....	5
CONCLUSION.....	7
APPENDICES	8
<i>A: Objectives, Scope, Methodology, Criteria, and Auditing Standards</i>	<i>8</i>
<i>B: Sampling Methodology.....</i>	<i>11</i>
<i>C: Recoupable Paid Claims.....</i>	<i>14</i>
<i>D: Report Team and Distribution</i>	<i>16</i>
<i>E: OIG Mission and Contact Information</i>	<i>17</i>

INTRODUCTION

The Texas Health and Human Services Commission (HHSC) Office of Inspector General (OIG) Audit Division conducted an audit of Bethesda Lutheran Homes and Services, Inc. (Bethesda Lutheran), a Home and Community-based Services (HCS) provider.

Objectives and Scope

The objectives of this audit were to determine whether fee-for-service claims submitted by and paid to Bethesda Lutheran were authorized, documented, and billed in accordance with the HCS provider agreement and with state rules and guidelines.

The audit scope included paid claims for the period from March 1, 2016, through February 28, 2017, and a review of relevant activities, internal controls, and information technology (IT) application controls through the end of fieldwork in May 2018.

Background

The HCS program provides individualized services and supports to persons with intellectual disabilities who are living with their family, in their own home, or in other community settings such as small group homes. There are more than 20 services available to clients through the HCS program, with service determinations made by teams comprised of local intellectual and developmental disability authority service coordinators, the client (and/or designee), and provider representatives.

HCS is the largest Texas Medicaid Long-Term Services and Supports (LTSS) program with expenditures of \$1.1 billion in state fiscal year 2017 (September 1, 2016, through August 31, 2017).¹

Bethesda Lutheran has been a Texas Medicaid HCS provider since 2003, serving clients in Cypress, Texas. Bethesda Lutheran offers residential services through (a) 14 community homes, each of which provides residential support services and supervised living² to 4 individuals, and (b) host home/companion care services, where individuals can live in their own home, a family home, or a host home

¹ Health and Human Services FY 2017 Monthly Financial Report: Strategy Budget and Variance, All Funds, Data through the end of August 2017.

² “Residential support services” and “supervised living” are almost identical residential assistance services offered only in group homes; residential support services requires that provider staff remain awake overnight, whereas supervised living does not. Examples of these residential assistance services include assisting with meal preparation, housekeeping, ambulation and mobility, and supervising safety and security.

setting. Other HCS services offered by Bethesda Lutheran, in descending order of paid claims dollars, are (a) day habilitation, (b) dental treatment, (c) nursing, (d) behavioral support services, (e) adaptive aids, and (f) dietary services.

Bethesda Lutheran enters Medicaid claims into a Health and Human Services (HHS) System application called the Client Assignment and Registration System (CARE). CARE adjudicates the claims using a process designed to determine whether claims should be paid or not, and what amount will be paid.

During the audit period, Bethesda Lutheran received \$3,392,015.66 in Medicaid payments for the following:

- 14,155 residential support service claims, for which it received reimbursements of \$2,225,040.91.
- 2,345 supervised living claims, for which it received reimbursements of \$327,956.78.
- 11,089 day habilitation claims, for which it received reimbursements of \$394,312.71.
- 4,220 host home/companion claims, for which it received reimbursements of \$353,614.94.
- 1,567 other HCS services claims, for which it received reimbursements of \$91,090.32.

The focus of this audit was the testing of (a) written service logs associated with a sample of weeks for clients receiving day habilitation services and (b) Individual Plans of Care for a sample of clients who received any type of HCS service provided by Bethesda Lutheran. The OIG Audit Division also tested selected IT controls.

The OIG Audit Division conducted the audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Unless otherwise described, any year referenced is the state fiscal year, which covers the period from September 1 through August 31.

The OIG Audit Division presented preliminary audit results, including one issue and a recommendation, to Bethesda Lutheran in a draft report dated November 15, 2018. Bethesda Lutheran responded to the audit recommendation and provided an action plan, which is included in the report.

AUDIT RESULTS

Individual Plans of Care were properly approved, accompanied by the Person-Directed Plans of Care and Intellectual Disability/Related Condition Assessments, and supported the claims that were billed under the authorization.

The OIG Audit Division tested 47 Individual Plans of Care for 20 sampled clients. Results indicated that authorizations used to support claims submitted by and paid to Bethesda Lutheran existed and were supported by Person-Directed Plans and Intellectual Disability/Related Condition Assessments.

An Individual Plan of Care is created by the provider and used to document an individual's HCS services. A provider creates the Intellectual Disability/Related Condition Assessment and uses it to document information needed to make an assignment of a level of care, make an assignment of level of need, and demonstrate compliance with federal utilization review requirements. A Person-Directed Plan is created by the service coordinator in order for an individual to participate in the HCS program, and is used to identify existing supports and services necessary to achieve the individual's desired outcomes.

Application controls were in place to ensure that only authorized individuals entered information into CARE, and that services entered were limited to authorized:

- Clients and their associated providers
- Services approved by the local authorities
- Numbers of hours and days
- Dollar amounts

The OIG Audit Division assessed the reliability of Bethesda Lutheran's data by reviewing existing information about the data and the system that produced them, and interviewing Bethesda Lutheran personnel knowledgeable of the system and data. The OIG Audit Division determined that the data was sufficiently reliable for the purposes of this audit.

The OIG Audit Division reviewed documentation maintained by Bethesda Lutheran to support paid claims for day habilitation services and identified an issue related to paid claims support.

CLAIMS SUPPORT

Bethesda Lutheran uses Form 4120, the Day Habilitation Service Delivery Log (Service Delivery Log), to document delivered day habilitation services and provide support for billed claims. The Service Delivery Log includes the

individual's name, place of service, date, time in and out, and a checklist of services where the provider can indicate the assistance provided to the individual. Bethesda Lutheran manually calculates units of service using the times entered on a Service Delivery Log, then enters the calculated units of service into CARE as part of the billing process.

The OIG Audit Division tested 100 Service Delivery Logs that represented a total of 395 days of day habilitation services provided to a sample of 33 clients over a 4-week period. Each Service Delivery Log represents up to five days of day habilitation services, and each day represents an individual claim for day habilitation services. The OIG Audit Division performed test work to determine whether (a) Service Delivery Logs were complete based on what the HCS Program Billing Guidelines state is required to support a claim for day habilitation services and (b) units of service were calculated correctly according to HCS Program Billing Guidelines.

Audit results indicated that Service Delivery Logs were complete, but the units of service used for billing purposes were not always representative of the times detailed on the Service Delivery Logs.

Issue 1: Some Units of Service Used for Billing Were Not Correct

The units of service derived from times documented on Service Delivery Logs were not always accurately calculated, resulting in incorrect billings to HHSC. Client service times documented on Service Delivery Logs did not support the units of service billed in 41 of 395 daily claims tested. The incorrect daily claims included 37 claims for which Bethesda Lutheran billed HHSC \$500.75 more than it should, based on recalculated units of service using information contained on corresponding Service Delivery Logs, and 4 claims for which Bethesda Lutheran billed HHSC \$22.26 less than it should. As a result, HHSC overpaid Bethesda Lutheran by a net amount of \$478.49.

HCS Program Billing Guidelines define the units of service that may be billed according to the amount of total time day habilitation services are provided per day.³ A provider may submit a claim for one unit of service if at least five hours of day habilitation are provided on a calendar day. Two of the five hours must be consecutive. There are also one-quarter, one-half, and three-quarter units of service.

The units of service were billed in error because Bethesda Lutheran did not follow HCS Program Billing Guidelines, which state that a program provider must submit

³ Home and Community-based Services Program Billing Guidelines § 4370 (Sept. 1, 2011).

an electronic service claim that is for units of service determined in accordance with the section of the guidelines titled “Calculating Units of Service for Service Claim.”⁴ Bethesda Lutheran made errors in its manual calculations of the amount of time day habilitation services were provided, resulting in incorrect units of service that did not meet HCS Program Billing Guidelines. As a result, HHSC paid for claims that were based on incorrect units of service.

HHSC may recoup any payment made to a program provider for a service if the claim for the service does not meet the requirements of the HCS Program Billing Guidelines.⁵ Claim details related to this issue are listed in Appendix C.

Recommendation 1

Bethesda Lutheran should ensure that it correctly calculates units of service, based on information documented on Service Delivery Logs, before using those units of service to bill HHSC for day habilitation services.

Since Bethesda Lutheran billed and was paid for units of service that were not supported by information contained in Service Delivery Logs, Bethesda Lutheran should reimburse the resulting net overpayment of \$478.49 to HHSC.

Management Response

Action Plan

Thank you for taking the time to review our billing logs and make the recommendation in your Audit Report. We agree with your findings. We have already started implementing your recommendations. Currently, there is a spreadsheet that allows us to track the attendance for the day services. Due to your findings, we have reviewed that spreadsheet for accuracy and to ensure the formulas are working correctly for calculating the authorized billable services. Additionally, we have reviewed our billing process. We have taken steps to ensure that information is submitted in a timely manner and that billable information is reviewed before it is entered in the Texas portal. The review consists of ensuring that we have authorization to provide services for each individual (review of the Individual Plan of Care), that amounts are correctly stated before submitting the claim in the portal, and that there is follow up with Operations when the bill has not been paid as expected.

In our effort to better capture the data and supporting documentation required to support our claims for reimbursement for the services provided by Bethesda Lutheran Communities (formerly Bethesda Lutheran Homes and Services), we have

⁴ Home and Community-based Services Program Billing Guidelines § 3210 (July 23, 2012).

⁵ 40 Tex. Admin. Code § 9.170(4) (F) (Nov. 15, 2015, and Mar. 20, 2016) and § 9.170(4) (G) (Sept. 1, 2014).

implemented a new software program called Therap. This software will be implemented for use as of February 1, 2019 for HCS day services. This software has allowed us to capture information from the Individual Plan of Care in the Texas billing portal and correctly calculate the number of units authorized to provide to eligible recipients. Attendance and supporting documentation is recorded at the time that the services are being provided. Additionally, the Program Manager, Area Director, or Regional Director reviews the services provided and approves that those services were provided. Each month, the Accounts Receivable Associate reviews the approved services provided, verifies that the services are authorized, and an invoice is calculated based on the number of units provided. Therap software can compare the number of units of services provided to the number of units authorized. That calculation of the number of billable units, along with the approved census logs and other documentation, is utilized to support the claim submitted in the Texas portal.

Responsible Manager

Regional Director

Target Implementation Date

February 2019

CONCLUSION

The OIG Audit Division completed an audit of Bethesda Lutheran to evaluate whether fee-for-service claims submitted by and paid to Bethesda Lutheran were authorized, documented, and billed in accordance with the HCS provider agreement and with state rules and guidelines. The OIG Audit Division also evaluated IT application controls to determine whether data used for audit testing was reliable.

Bethesda Lutheran properly authorized and documented HCS claims, but did not bill correctly for the units of service provided on 41 of 395 claims, resulting in a net amount of \$478.49 reimbursed in error. Based on the results of IT application controls testing, the data was sufficiently reliable for the purposes of the audit.

- Billings were incorrect because the units of service derived from times documented on Service Delivery Logs, which are used to bill HHSC for HCS services, were not accurately calculated, resulting in the wrong number of units.

The OIG Audit Division offered recommendations to Bethesda Lutheran which, if implemented, will ensure units of service for day habilitation are calculated and billed correctly.

The OIG Audit Division thanks management and staff at Bethesda Lutheran for their cooperation and assistance during this audit.

Appendix A: Objectives, Scope, Methodology, Criteria, and Auditing Standards

Objectives

The objectives of this audit were to determine whether fee-for-service claims submitted by and paid to Bethesda Lutheran were authorized, documented, and billed in accordance with the HCS provider agreement and with state rules and guidelines.

Scope

The audit scope included paid claims for the period from March 1, 2016, through February 28, 2017, and a review of relevant activities, internal controls, and IT application controls through the end of fieldwork in May 2018.

Methodology

To accomplish its objectives, the OIG Audit Division collected information for this audit through discussions and interviews with Bethesda Lutheran management and staff and by reviewing:

- Bethesda Lutheran's organizational chart
- Bethesda Lutheran's policies and procedures
- Individual Plans of Care
- Intellectual Disability/Related Condition Assessments
- Person-Directed Plans
- Day Habilitation Service Delivery Logs
- IT application controls

The OIG Audit Division issued an engagement letter on May 14, 2018, to Bethesda Lutheran providing information about the audit, and conducted fieldwork at the Bethesda Lutheran facility in Cypress, Texas, May 14 through May 18, 2018. Auditors did not remove original records from the Bethesda Lutheran premises. During fieldwork, auditors requested additional documents, which Bethesda Lutheran provided. While on site, the OIG Audit Division interviewed responsible personnel, evaluated internal controls, and reviewed relevant documents related to sampled claims.

The OIG Audit Division selected a sample of 20 clients, and obtained Person-Directed Plans, Intellectual Disability/Related Condition Assessments, and Individual Plans of Care, effective during the audit scope for the sampled clients. It performed test work to determine whether each Individual Plan of Care was complete, and supported by the client's Person-Directed Plan and Intellectual

Disability/Related Condition Assessment. Additionally, claims were compared to the authorized services to ensure that services billed were authorized. The OIG Audit Division considered all claims associated with an Individual Plan of Care that were not supported by the client's Intellectual Disability/Related Condition Assessments and Person-Directed Plans, or that were not authorized, to be questioned costs.

The OIG Audit Division also obtained a sample of 33 clients who used day habilitation services over a 4-week period, and identified 100 Service Delivery Logs associated with the 33 selected clients. It performed test work to determine whether (a) the client received services on the date of service billed, (b) units of service were calculated correct, and (c) units of services billed agreed with the time recorded on the Service Delivery Logs in compliance with the HCS Program Billing Guidelines. The OIG Audit Division considered all claims associated with a Service Delivery Log that did not correspond to the date of service, where time recorded did not support the units of service billed, and where the Service Delivery Log was incomplete to be questioned costs.

Criteria

The OIG Audit Division used the following criteria to evaluate the information provided:

- 40 Tex. Admin. Code § 9.170(4) (2014 through 2016)
- Medicaid Provider Agreement for the Provision of HCS Program Services #001009701 (2012)
- Home and Community-based Services Program Billing Guidelines §§ 3210 and 4370 (2011 and 2012)

Auditing Standards

Generally Accepted Government Auditing Standards

The OIG Audit Division conducted this audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the issues and conclusions based on our audit objectives. The OIG Audit Division believes the evidence obtained provides a reasonable basis for our issues and conclusions based on our audit objectives.

ISACA

The OIG Audit Division performs work in accordance with the IT Standards, Guidelines, and Tools and Techniques for Audit and Assurance and Control Professionals published by ISACA.

Appendix B: Sampling Methodology

After an initial assessment of risk and contractor performance outcomes, the OIG Audit Division performed testing of client Individual Plans of Care, Person-Directed Plans, and Intellectual Disability/Related Condition Assessments and testing of day habilitation documentation of services for the period of March 1, 2016, through February 28, 2017. The data for testing was obtained from the Claims Management System at the Texas Medicaid and Healthcare Partnership, which included data from the CARE system.

The OIG Data and Technology Division defined and validated the HCS claims population to include all fee-for-service paid claims between March 1, 2016, and February 28, 2017, inclusively. This population consisted of 33,376 claims for 65 unique clients. The total paid amount for the 33,376 claims associated with this population was \$3,392,015.66.

Person Directed Plans, Intellectual Disability/Related Condition Assessments, and Individual Plans of Care Documentation

The sampling unit is a unique ID that corresponds to an individual. Every client has a Person-Directed Plan, Intellectual Disability/Related Condition Assessment, and an Individual Plan of Care. The client can receive an initial Individual Plan of Care at enrollment, during an annual renewal, and when a transfer is warranted.

The audit team judgmentally⁶ chose a sample size of 20 of 65 clients who received any type of HCS service from March 1, 2016, to February 28, 2017, to test the Person-Directed Plan, Intellectual Disability/Related Condition Assessment, and Individual Plan of Care documents. The 20 clients represented 43 percent of the total claims dollars paid in the population, or \$1,460,572. The 20 clients selected in the sample had differing numbers of Individual Plans of Care, ranging from 2 to 4 per client. Table 1 indicates the number of clients with each number of Individual Plans of Care, resulting in the total of 47 Individual Plans of Care tested during the audit.

⁶ “Judgmental sampling” is a non-probability sampling method in which the auditor selects the sample based on certain characteristics, such as dollar amount, timeframe, or type of transaction.

Table 1: Individual Plan of Care Sample Data

Individual Plans of Care Per Client	Corresponding Number of Clients in the Sample	Total Number of IPCs, IDRCs, and PDPs Tested
2	14	28
3	5	15
4	1	4
Total	20	47

Source: *OIG Audit Division*

The Individual Plans of Care tested represented authorizations for the following services:

- Adaptive aids
- Behavioral support
- Day habilitation
- Dental treatment
- Dietary services
- Host home/companion care
- Registered nursing
- Residential support
- Supervised living

Claims for Day Habilitation Testing

Day habilitation is a service available to clients in the HCS program and is identified by units of service on the individual’s Individual Plan of Care. An individual may participate in day habilitation full time, which is six hours a day, five days a week. Using the same sampling unit as above, auditors chose a judgmental sample of clients that received any day habilitation services within the scope and that were unique from the clients chosen for the Individual Plan of Care, Person-Directed Plan, and Intellectual Disability/Related Condition Assessment sample above.

This resulted in a sample of 33 of 57 clients who received day habilitation services during the scope period and represented 41 percent of the total day habilitation claims dollars, or \$160,657.90. Auditors judgmentally chose the following four weeks within the audit scope for testing:

- Week 1: March 7–11, 2016
- Week 2: June 13–17, 2016
- Week 3: September 19–23, 2016
- Week 4: December 26–30, 2016

Table 2 indicates the number of clients with day habilitation services during the four weeks of service resulting in a total of 395 day habilitation claims representing \$11,673.39 in payments tested during the audit.

Table 2: Day Habilitation Sample Data

Week	Number of clients reviewed per week	Number of days of service reviewed per week
Week 1: March 7–11, 2016	28	120
Week 2: June 13–17, 2016	25	104
Week 3: September 19–23, 2016	23	96
Week 4: December 26–30, 2016	24	75
Total	100	395

Source: *OIG Audit Division*

Appendix C: Recoupable Paid Claims

The table below provides details about the claims filed and paid in error for the following issue discussed in the report.

Issue 1. Some Units of Service Used for Billing Were Not Correct

Client Sample Identifier	Service Date	Total Claim Payment	Overpayment (Underpayment) of Unsupported Service Units
1	3/10/2016	\$ 35.43	\$ 8.86
3	3/8/2016	29.66	14.83
3	3/10/2016	29.66	7.42
4	3/7/2016	26.87	13.44
4	3/8/2016	26.87	13.44
4	3/10/2016	26.87	13.44
5	3/8/2016	29.66	14.83
5	3/10/2016	29.66	14.83
6	3/7/2016	29.66	7.42
6	3/10/2016	29.66	14.83
7	3/7/2016	26.87	13.44
7	12/28/2016	20.15	15.11
8	3/10/2016	29.66	14.83
9	3/10/2016	35.43	17.72
9	6/16/2016	35.43	17.72
12	3/8/2016	29.66	29.66
12	6/15/2016	14.83	(7.42)
13	3/7/2016	29.66	7.42
13	3/10/2016	29.66	14.83
14	3/10/2016	29.66	7.42
14	12/27/2016	14.83	(3.71)
16	3/7/16	29.66	22.25
16	3/10/2016	29.66	14.83
16	9/22/2016	29.66	7.42
18	3/10/2016	35.43	17.72
20	3/10/2016	29.66	14.83
22	3/7/2016	26.87	6.72
22	3/10/2016	26.87	13.44
23	3/10/2016	29.66	7.42
23	3/11/2016	29.66	7.42
24	3/7/2016	29.66	14.83
24	3/10/2016	29.66	14.83
26	3/7/2016	29.66	7.42
26	3/10/2016	29.66	14.83

Client Sample Identifier	Service Date	Total Claim Payment	Overpayment (Underpayment) of Unsupported Service Units
29	3/7/2016	26.87	13.44
29	3/10/2016	26.87	13.44
30	3/10/2016	29.66	14.83
30	6/14/2016	22.25	(5.56)
30	6/16/2016	7.42	(5.57)
31	6/14/2016	26.87	26.87
31	6/16/2016	26.87	6.72
Net Overpayment Amount		\$1,142.42	\$478.49

Source: OIG Audit Division

Appendix D: Report Team and Distribution

Report Team

The OIG staff members who contributed to this audit report include:

- Joel A. Brophy, CIA, CFE, CRMA, CICA, Audit Director
- Dan Hernandez, CFE, MBA, Audit Manager
- Karen S. Mullen, CGAP, Audit Project Manager
- Karen Reed, MBA, CFE, CIGA, Staff Auditor
- Lorraine Wayland, CFE, Staff Auditor
- Mo Brantley, Senior Audit Operations Analyst

Report Distribution

Health and Human Services

- Dr. Courtney N. Phillips, Executive Commissioner
- Cecile Erwin Young, Chief Deputy Executive Commissioner
- Victoria Ford, Chief Policy Officer
- Karen Ray, Chief Counsel
- Karin Hill, Director of Internal Audit
- Enrique Marquez, Chief Program and Services Officer, Medical and Social Services Division
- Stephanie Muth, State Medicaid Director, Medicaid and CHIP Services
- Dana Collins, Director, Contract Administration and Provider Monitoring
- Nikolaos Vekris, Director, Contract Administration and Provider Monitoring

Bethesda Lutheran Homes and Services, Inc.

- Tamico Melvin, Regional Director of Texas

Appendix E: OIG Mission and Contact Information

The mission of the OIG is to prevent, detect, and deter fraud, waste, and abuse through the audit, investigation, and inspection of federal and state taxpayer dollars used in the provision and delivery of health and human services in Texas. The senior leadership guiding the fulfillment of OIG's mission and statutory responsibility includes:

- Sylvia Hernandez Kauffman, Inspector General
- Anita D'Souza, Chief of Staff and Chief Counsel
- Olga Rodriguez, Chief Strategy Officer
- Christine Maldonado, Chief of Operations and Workforce Leadership
- Brian Klozik, Deputy IG for Medicaid Program Integrity
- Lizet Hinojosa, Deputy IG for Benefits Program Integrity
- David Griffith, Deputy IG for Audit
- Quinton Arnold, Deputy IG for Inspections and Investigations
- Alan Scantlen, Deputy IG for Data and Technology
- Judy Hoffman-Knobloch, Assistant Deputy IG for Medical Services

To Obtain Copies of OIG Reports

- OIG website: <https://oig.hhsc.texas.gov>

To Report Fraud, Waste, and Abuse in Texas HHS Programs

- Online: <https://oig.hhsc.texas.gov/report-fraud>
- Phone: 1-800-436-6184

To Contact the OIG

- Email: OIGCommunications@hhsc.state.tx.us
- Mail: Texas Health and Human Services Commission
Office of Inspector General
P.O. Box 85200
Austin, Texas 78708-5200
- Phone: 512-491-2000