

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

**EPIC PEDIATRIC THERAPY**

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*A Texas Medicaid Speech Therapy Provider*



**February 26, 2019**  
**OIG Report No. AUD-19-013**

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# AUDIT OF EPIC PEDIATRIC THERAPY

## *A Medicaid Speech Therapy Provider*

### WHY THE OIG CONDUCTED THIS AUDIT

The Texas Health and Human Services Commission (HHSC) Office of Inspector General (OIG) Audit Division conducted an audit of speech therapy services provided by Epic Pediatric Therapy (Epic) under its agreement with FirstCare Health Plans (FirstCare), a managed care organization (MCO).

The objectives of the audit were to determine whether Epic (a) properly billed FirstCare for Medicaid claims submitted and (b) complied with requirements contained in its agreement with FirstCare and the FirstCare Provider Manual, as well as state rules and guidelines. While Epic delivers speech therapy services to children in their homes throughout the state, this audit focused on speech therapy services provided in the greater Lubbock, Texas, vicinity.

Epic, through its contract with FirstCare, billed \$675,378.69 for speech therapy services in the greater Lubbock area during the audit period of September 1, 2016, through August 31, 2017.

### WHAT THE OIG RECOMMENDS

Epic should (a) ensure that all Medicaid claims submitted for reimbursement contain the correct procedure codes and (b) submit the overpayment amount of \$174.00 to the State of Texas for the 5 paid claims for which it used the incorrect procedure code.

### WHAT THE OIG FOUND

The OIG Audit Division reviewed documentation maintained by Epic to support 2,572 paid claims for speech therapy services provided to 60 FirstCare members, and determined that Epic complied with FirstCare and state requirements related to:

- Speech therapy initial authorizations and re-authorizations
- Discontinuation of therapy treatments
- Licensure and certification of speech therapists
- Supervision of speech language pathology assistants

The OIG Audit Division, in coordination with OIG Medicaid Program Integrity Medical Services nurses, also reviewed 100 patient evaluations (35 initial evaluations and 65 re-evaluations) associated with the same 60 FirstCare members to determine whether the prescribed speech therapy was medically necessary, and identified no exceptions related to medical necessity. In addition, Epic's data was sufficiently reliable for the purposes of this audit.

There were exceptions related to the accuracy of speech therapy claims. Of the 2,572 claims tested, 5 contained incorrect procedure codes, resulting in an overpayment of \$174.00.

Speech therapy is a benefit of Texas Medicaid for the treatment of conditions of the head or neck that affect speech production, speech communication, and oral motor, feeding, and swallowing disorders.

The OIG Audit Division presented preliminary audit results, including one issue and a recommendation, to Epic in a draft report dated January 30, 2019. Epic responded to the audit recommendation and provided an action plan to:

- Submit the \$174.00 overpayment.
- Educate staff to help ensure that all Medicaid claims submitted for reimbursement contain the correct procedure codes.
- Perform quarterly audits of random patient samples for a six-month period to help ensure that the appropriate procedure codes are being used.

Epic's management response is included in the report.

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## INTRODUCTION

The Texas Health and Human Services Commission (HHSC) Office of Inspector General (OIG) Audit Division conducted an audit of Epic Health Services, Inc. doing business as Epic Pediatric Therapy (Epic).

Epic provides speech therapy and other services as a network provider for multiple managed care organizations (MCO). This audit report is focused on the speech therapy services provided by Epic under agreement with FirstCare Health Plans (FirstCare) only. Texas contracts with FirstCare to coordinate health services for Medicaid enrollees through its network of providers, including Epic.

### Objectives and Scope

The objectives of the audit were to determine whether Epic (a) properly billed FirstCare for Medicaid claims submitted and (b) complied with requirements contained in its agreement with FirstCare and the FirstCare Provider Manual, as well as state rules and guidelines.

The scope of the audit included paid claims with dates of service during the period of September 1, 2016, through August 31, 2017, and a review of relevant activities through the end of fieldwork in July 2018.

### Background

Speech therapy is a benefit of Texas Medicaid for the treatment of conditions of the head or neck that affect speech production, speech communication, and oral motor, feeding, and swallowing disorders. While Epic delivers speech therapy services to children in their homes throughout the state, this audit is focused on speech therapy services provided in the greater Lubbock, Texas, vicinity including Amarillo, Odessa, and Midland.

Epic, through its contract with FirstCare, billed \$675,378.69 for speech therapy services in the greater Lubbock area during the audit period. FirstCare reimburses Epic the lesser of (a) Epic's actual billed charges or (b) 100 percent of Texas Medicaid fee-for-services rates.<sup>1</sup>

The OIG Audit Division presented preliminary audit results, including one issue and a recommendation, to Epic in a draft report dated January 30, 2019. Epic responded to the audit recommendation and provided an action plan, which is included in the report.

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<sup>1</sup> FirstCare Participating Provider Agreement, Exhibit 1 to Addendum C (Mar. 1, 2012).

The OIG Audit Division conducted this audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

## AUDIT RESULTS

The OIG Audit Division reviewed documentation maintained by Epic to support 2,572 paid claims for speech therapy services provided to 60 FirstCare members, and determined that Epic complied with FirstCare and state requirements related to (a) speech therapy initial authorizations and re-authorizations, (b) discontinuation of therapy treatments, (c) licensure and certification of speech therapists, and (d) supervision of speech language pathology assistants. The OIG Audit Division, in coordination with OIG Medicaid Program Integrity Medical Services nurses, also reviewed 100 patient evaluations (35 initial evaluations and 65 re-evaluations) associated with the same 60 FirstCare members to determine whether the prescribed speech therapy was medically necessary, and identified no exceptions related to medical necessity. In addition, Epic's data was sufficiently reliable for the purposes of this audit.

Epic did not always meet requirements related to the accuracy of speech therapy claims billing.

### ACCURACY OF SPEECH THERAPY CLAIMS

FirstCare's network providers are "subject to all state and federal laws, rules, regulations, waivers, policies and guidelines ... that apply to the Agreement and the HHSC/FirstCare contract, HMO program, and all persons or entities receiving state and federal funds."<sup>2</sup> Accordingly, a network provider who submits a claim "based on a code that would result in greater payment than the code applicable to the item or service that was actually provided"<sup>3</sup> is subject to sanctions, including recoupment of an overpayment.<sup>4,5,6</sup>

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#### Issue 1: Epic Submitted Claims with Incorrect Procedure Codes

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Epic submitted and received reimbursement for speech therapy claims with incorrect procedure codes. Of the 2,572 claims tested, Epic billed 5 claims for procedure code 92526 that should have been billed for procedure code 92507 based on a review of the treatment records. This resulted in an overpayment of \$174.00.

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<sup>2</sup> FirstCare Participating Provider Agreement, Addendum C §II(A) (Mar. 1, 2012).

<sup>3</sup> 1 Tex. Admin. Code § 371.1653 (5) (May 1, 2016).

<sup>4</sup> 1 Tex. Admin. Code §§ 371.1 (73) (May 1, 2016) and 371.1 (72) (Feb. 12, 2017).

<sup>5</sup> Texas Medicaid Provider Procedures Manual, Vol. 2, "Medicaid Managed Care Handbook" §2.2 (Aug. 1, 2016, through Aug. 31, 2017).

<sup>6</sup> Texas Medicaid Provider Procedures Manual, Vol. 1, §1.10 (July 15, 2016, through May 31, 2017).

Epic did not follow FirstCare and state guidelines, which require it to submit claims with codes applicable to the services actually provided. As a result, FirstCare paid Epic \$174.00 more than it would have if the correct procedure codes had been billed. Claim details related to this issue are listed in Table 1.

**Table 1. Claims with Incorrect Procedure Codes**

Population Number	Date of Service	Billed Procedure Code	Correct Procedure Code	Billed Amount	Correct Code Amount	Over-payment
73	1/3/2017	92526	92507	\$135.14	\$100.34	\$ 34.80
73	1/5/2017	92526	92507	135.14	100.34	34.80
149	10/11/2016	92526	92507	135.14	100.34	34.80
149	10/26/2016	92526	92507	135.14	100.34	34.80
149	10/28/2016	92526	92507	135.14	100.34	34.80
				Total amount overpaid		\$174.00

Source: OIG Audit Division

### **Recommendation 1**

Epic should:

- Ensure that all Medicaid claims submitted for reimbursement contain the correct procedure codes.
- Submit the overpayment amount of \$174.00 to the State of Texas for the 5 paid claims for which it used the incorrect procedure code.

### **Management Response**

#### Action Plan

- *Overpayment in the amount of \$174.00 will be submitted pending final audit report*
- *Ensure that all Medicaid claims submitted for reimbursement contain the correct procedure codes*
  1. *Re-education of operations staff to include placing accurate appointment type on the therapists schedule that coincides with the authorized procedure code*
  2. *Education of clinical staff to verify that the appointment type placed on schedule coincides with the authorization procedure code*
- *Quarterly audit of random patient sample to ensure compliance with utilization of authorized procedure code will occur for a 6 month period*

Responsible Manager

- *Vice President of Operations*
- *Area Vice President of Clinical Operations*

Target Implementation Date

- *The target date for submission of overpayment is March 2019; following receipt of the final audit report*
- *The target date for re-education of operations staff regarding placement of accurate appointment type is no later than March 31, 2019*
- *The target date for education of clinical staff regarding verification of appointment type is no later than March 31, 2019*
- *The target date for initiation of quarterly audit is March 4, 2019 with audit concluding September 4, 2019*



## CONCLUSION

Epic complied with requirements related to (a) speech therapy initial authorizations and re-authorizations, (b) discontinuation of therapy treatments, (c) licensure and certification of speech therapists, (d) supervision of speech language pathology assistants, and (e) medical necessity. In addition, the data used to form audit conclusions was reliable.

There were exceptions related to the accuracy of speech therapy claims. Of the 2,572 claims tested, 5 contained incorrect procedure codes, resulting in an overpayment of \$174.00.

The OIG Audit Division recommended that Epic improve its billing process and return the overpayment amount to the State of Texas.

The OIG Audit Division thanks management and staff at Epic and FirstCare for their cooperation and assistance during the audit.

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## Appendix A: Objective, Scope, Methodology, Criteria, and Auditing Standards

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### Objectives

The objectives of the audit were to determine whether Epic (a) properly billed FirstCare for Medicaid claims submitted and (b) complied with requirements contained in its agreement with FirstCare and the FirstCare Provider Manual, as well as state rules and guidelines.

### Scope

The scope of the audit included paid claims with dates of service during the period of September 1, 2016, through August 31, 2017, and a review of relevant activities through the end of fieldwork in July 2018.

### Methodology

The OIG Audit Division collected information for this audit through discussions and interviews with management and staff at Epic and FirstCare, and by reviewing:

- Supporting documentation for a sample of speech therapy claims billed to FirstCare during the audit period
- FirstCare's provider manual
- Licensing records from the Texas Department of Licensing and Regulation

The OIG Audit Division collaborated with OIG Medicaid Program Integrity Medical Services nurses and certified coders to review patient evaluations to determine medical necessity, and treatment records to determine the appropriate procedure code. The OIG Audit Division issued an engagement letter on July 10, 2018, to Epic providing information about the upcoming audit, and conducted fieldwork at Epic's headquarters in Lubbock, Texas, July 16 through 20, 2018. While on site, the OIG Audit Division tested all sampled records directly in one of two IT systems, as applicable. In addition, the OIG Audit Division determined data reliability by comparing source records on Epic's IT systems to sampled claim records obtained from FirstCare.

## Criteria

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

- 1 Tex. Admin Code §371.1 (2016 through 2017)
- 1 Tex. Admin. Code § 371.1653 (2016)
- Texas Medicaid Provider Procedures Manual, Vol. 1, §1.10 (2016 through 2017)
- Texas Medicaid Provider Procedures Manual, Vol. 2, “Medicaid Managed Care Handbook” §2.2 (2016 through 2017)
- FirstCare Participating Provider Agreement (2012)
- STAR and CHIP Provider Manual, FirstCare Health Plans, Lubbock Service Area / Medicaid Rural Service Area (MRSA West) (Sept. 2016)

## 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.

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## Appendix B: Sampling Methodology

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Epic, as a network provider for FirstCare, submits therapy services claims to FirstCare for payment. The OIG obtained, from FirstCare, all of the paid claims for speech therapy services submitted to FirstCare by Epic's Lubbock office with dates of service from September 1, 2016, through August 31, 2017. This included 5,875 claims, for which FirstCare paid Epic \$675,378.69. The claims were associated with 153 FirstCare managed care members. Each member had a unique Medicaid client ID number.

From the 153 client ID numbers, the OIG Data and Technology Division (DAT) selected a random sample of 60 client ID numbers. There were 2,572 claims associated with the 60 selected client ID numbers, for which FirstCare paid Epic \$289,503.04. The audit team tested these 2,572 claims.

There were 35 initial patient evaluations and 65 patient re-evaluations associated with the 60 selected client ID numbers. The audit team consulted with OIG nurses to test these 100 evaluations.

Any overpayments identified during audit test work because billings were not supported in accordance with FirstCare and state guidelines will be recovered on a dollar for dollar basis.

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## Appendix C: Report Team and Distribution

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### Report Team

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

- Joel A. Brophy, CIA, CFE, CRMA, CICA, Audit Director
- Dan Hernandez, CFE, Audit Manager
- Jim Hicks, CISA, Audit Project Manager
- Lorraine Chavana, Senior Auditor
- Lawrence Gambone, Senior Auditor
- Nathaniel Alimole, Senior Auditor
- Jude Ugwu, Senior Auditor
- Antoinette Brewer, Staff Auditor
- Marcos Castro, Staff Auditor
- Candice Moore, RN, Nurse Analyst
- 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
- Stephanie Stephens, Deputy State Medicaid Director, Medicaid and CHIP Services

- Dee Budgewater, Deputy Associate Commissioner, Policy and Program, Medicaid and CHIP Services
- Joanna Seyller, Clinical Policy Manager, Medicaid and CHIP Services
- Leslie Smart, Therapy Policy Analyst, Medicaid and CHIP Services
- Grace Windbigler, Director, Managed Care Compliance and Operations, Medicaid and CHIP Services
- Shannon Kelley, Assistant Director of Managed Care Compliance and Operations, Medicaid and CHIP Services

#### FirstCare Health Plans

- Kethra Barnes, Director, Government Programs, Medicaid, FirstCare Health Plans

#### Epic Pediatric Therapy

- Patrick Cunningham, Chief Compliance Officer, Aveanna Healthcare
- Alex Jamieson, Senior Vice President, Therapy Operations, Aveanna Healthcare
- Melissa Akali, Area Vice President, Compliance, Aveanna Healthcare
- Kelly Reppart Executive Director, Compliance, Aveanna Healthcare
- David Reimer, Vice President Government Relations and Contracting, Aveanna Healthcare
- Suzi Daniel, Vice President, Therapy Clinical Operations, Aveanna Healthcare
- Kym Jones, Vice President of Operations, Epic Health Services
- Monica Castillo, Area Vice President of Clinical Operations, Epic Health Services

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## Appendix D: OIG Mission and Contact Information

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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

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### 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](mailto:OIGCommunications@hhsc.state.tx.us)
- Mail: Texas Health and Human Services Commission  
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P.O. Box 85200  
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