TEXAS HEALTH AND HUMAN SERVICES COMMISSION

OFFICE OF INSPECTOR GENERAL

LAKES REGIONAL MHMR CENTER

A Texas Medicaid Home and Community-Based Services Program Provider

November 30, 2018
OIG Report No. AUD-19-005

HHSC OIG
TEXAS HEALTH AND HUMAN SERVICES COMMISSION
OFFICE OF INSPECTOR GENERAL

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 Lakes Regional MHMR Center (Lakes Regional), a Home and Community-based Services (HCS) provider.

HCS is the largest Texas Medicaid Long-Term Services and Supports (LTSS) program with expenditures of $947 million in state fiscal year 2015.

The HCS program provides more than 20 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.

Lakes Regional provides HCS services to clients in 12 counties in northeast Texas. It processed 58,917 Medicaid claims through HCS during the audit periods of June 1, 2015, through January 31, 2016, and May 1, 2016, through August 31, 2016, for which it received reimbursements of nearly $4.7 million.

WHAT THE OIG RECOMMENDS

Lakes Regional should ensure that providers who deliver services (a) appropriately sign written service logs, (b) fully and accurately document billable services on written service logs, and (c) fully and accurately document client offsite visits with family members or friends on written service logs. Lakes Regional should reimburse HHSC $5,475.02 for claims that did not have sufficient supporting documentation.

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November 30, 2018

AUDIT OF LAKES REGIONAL MHMR CENTER

A Texas Home and Community-Based Services Program Provider

WHAT THE OIG FOUND

Lakes Regional did not comply with the HCS provider agreement or with state rules and guidelines for documentation associated with 39 of the 407 claims associated with the written service logs tested, resulting in $5,475.02 in unsupported Medicaid reimbursements.

Lakes Regional did not always ensure providers signed written service logs, did not always document services provided to clients on written service logs, and did not always document client offsite visits correctly. HCS Program Billing Guidelines state that claims must be supported by written documentation, including a written service log written and signed by the provider who delivered the service.

The written service logs tested, associated with a sample of 60 weeks in which there were paid claims for residential support services or supervised living for a unique client, were missing:

- Signatures to support 8 claims, for which HHSC paid Lakes Regional $1,159.91.
- The specific services provided for 25 claims, for which HHSC paid Lakes Regional $3,509.35.
- Specific documentation for clients visiting family members or friends away from the client's residence for 6 claims, for which HHSC paid Lakes Regional $805.76.

Other audit results indicated that Lakes Regional:

- Maintained authorizations for billed services, represented by Individual Plans of Care that contained required signatures.
- Had application controls in place to ensure that information was entered into the Client Assignment and Registration System (CARE) by authorized individuals, and that services entered were limited to authorized (a) clients and their associated providers, (b) services approved by the local authorities, (c) number of hours and days, and (d) dollar amounts.
- Had sufficient information technology application controls in place to ensure the accuracy and reliability of the data for purposes of this report.

This audit was conducted to determine whether (a) documentation to support fee-for-service claims for residential support services and supervised living submitted by and paid to Lakes Regional existed and were completed in accordance with the HCS provider agreement and with state rules and guidelines and (b) authorizations for other billed HCS services existed and were signed in accordance with the HCS provider agreement and with state rules and guidelines.

The OIG Audit Division presented preliminary audit results, issues, and recommendations to Lakes Regional in a draft report dated August 10, 2018. Lakes Regional indicated it had taken actions to address recommended process changes, but it disagreed that its claims were not properly supported.

TABLE OF CONTENTS

INTRODUCTION

The Texas Health and Human Services Commission (HHSC) Office of Inspector General (OIG) Audit Division conducted an audit of Lakes Regional MHMR Center[1] (Lakes Regional), a Home and Community-based Services (HCS) provider.

Objectives and Scope

The objectives of this audit were to determine whether (a) documentation to support fee-for-service claims for residential support services and supervised living[2] submitted by and paid to Lakes Regional existed and were completed in accordance with the HCS provider agreement and with state rules and guidelines and (b) authorizations for other billed HCS services existed and were signed in accordance with the HCS provider agreement and with state rules and guidelines.

The audit scope included paid claims for the periods from June 1, 2015, through January 31, 2016, and May 1, 2016, through August 31, 2016, and a review of relevant activities, internal controls, and information technology (IT) general and application controls through the end of fieldwork in December 2017.

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 $947 million in state fiscal year 2015 (September 1, 2014, through August 31, 2015).[3]

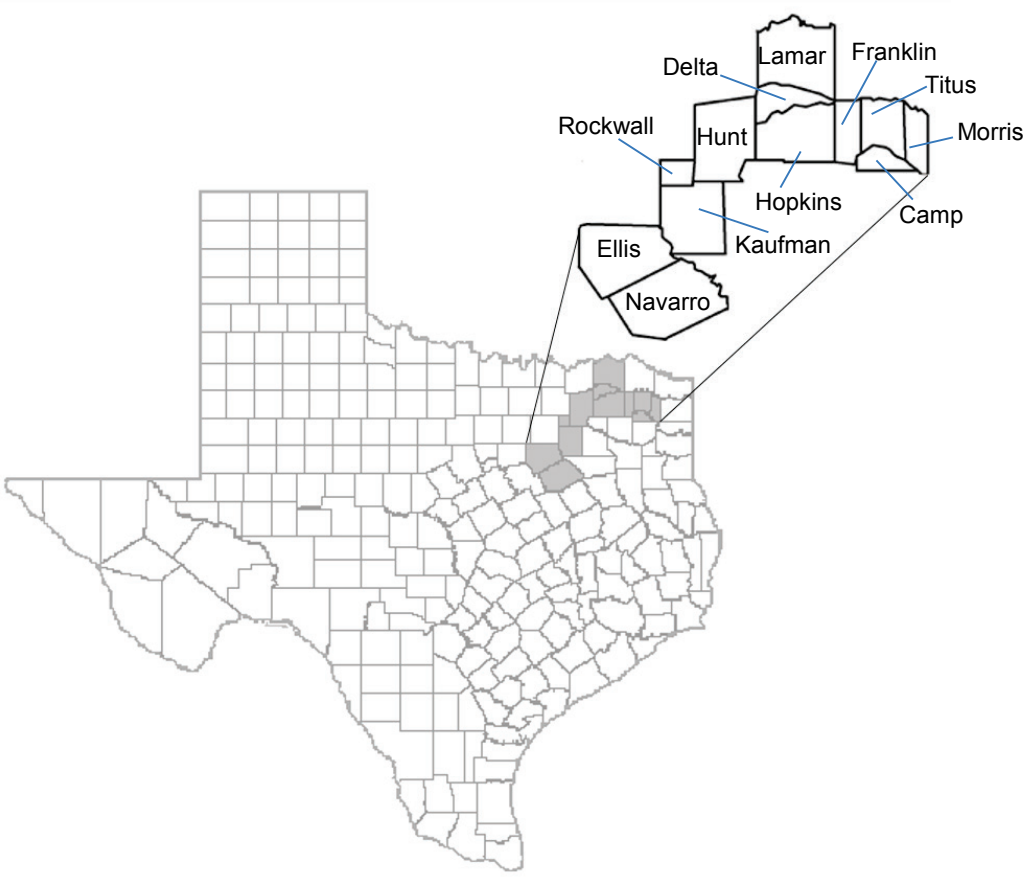
Lakes Regional has been an HCS service provider since 1999, serving clients in 12 counties in northeast Texas, shown in Figure 1.

[1] Lakes Regional MHMR Center operates under the name "Lakes Regional Community Center."

[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.

[3] Texas Medicaid and CHIP in Perspective, 11th ed., HHSC (Feb. 2017).

Figure 1. Lakes Regional Service Counties



Source: Texas Association of Counties

Lakes Regional offers residential assistance services through (a) eight group homes, each of which provides residential support services and supervised living to four individuals, and (b) host home/companion care services, where individuals can live in their own home, a family home, or a host home setting. Other HCS services offered by Lakes Regional, in descending order of paid claim dollars, are (a) day habilitation, (b) nursing, (c) dental treatment, (d) adaptive aids, (e) behavioral services, (f) respite, (g) speech and language pathology services, (h) transportation, and (i) supported home living.

Lakes Regional enters Medicaid claims into the 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 periods, Lakes Regional received $4,695,796.39 in Medicaid payments for the following:

- 12,175 residential support service claims, for which it received reimbursements of $1,746,652.86.
- 366 supervised living claims, for which it received reimbursements of $52,269.24.
- 46,376 other HCS services claims, for which it received reimbursements of $2,896,874.29.

The focus of this audit was the testing of (a) written service logs associated with a sample of weeks in which there were paid claims for residential support services or supervised living for a unique client and (b) Individual Plans of Care for a sample of clients who used day habilitation services, but for whom there were no paid claims for residential support services or supervised living. 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, issues, and recommendations to Lakes Regional in a draft report dated August 10, 2018. Lakes Regional provided responses to the audit findings that indicated it had taken actions to address recommended process changes. However, Lakes Regional disagreed that its claims were not properly supported. Lake Regional's responses are summarized following each applicable recommendation in this report, and included in their entirety in Appendix D.

AUDIT RESULTS

The OIG Audit Division tested 67 Individual Plans of Care for 20 sampled day habilitation services clients to determine whether authorizations to support claims submitted by and paid to Lakes Regional existed and contained required signatures. The Individual Plans of Care were available and included all signatures required in support of claims for day habilitation services, host home/companion care services, and other HCS services authorized by the tested Individual Plans of Care.

Audit results indicated 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 Lake Regional's data by reviewing existing information about the data and the system that produced them, and interviewing Lakes Regional 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 Lakes Regional to support paid claims for residential support services and supervised living, and identified issues relating to paid claims support, which are discussed in the sections that follow.

CLAIMS SUPPORT

During the audit periods, the different Lakes Regional facilities used one of two forms to document delivered residential assistance services and provide support for billed claims:

- HHSC Form 4119, Residential Support Services and Supervised Living Service Delivery Log (Form 4119)
- Lakes Regional's internal form "Observation Notes"

Lakes Regional's use of either form is acceptable. Both forms, if properly completed, document services in a way that meets applicable requirements in the HCS Program Billing Guidelines. Form 4119 documents services provided over a seven-day period, while Observation Notes document services provided on a

specific day. In testing claims support, auditors considered either document a written service log.

The OIG Audit Division tested written service logs that corresponded to 60 sampled weeks in which there were paid claims for residential support services or supervised living for a unique client. The written service logs represented documentation intended to support 407 paid claims from a total of 12,541 paid claims for residential support services or supervised living for the audit periods. The OIG Audit Division performed test work to determine whether claims submitted by and paid to Lakes Regional were adequately supported by documentation.

Audit results indicated some written service logs were either not signed or did not include a list of services. Results are detailed in the findings that follow.

Finding 1: Support for Billed Services Did Not Include Required Provider Signatures

Written service logs did not always contain required signatures. The written service logs tested were missing signatures to support 8 of the 407 claims associated with the tested written service logs, for which HHSC paid Lakes Regional $1,159.91. HCS Program Billing Guidelines state that claims must be supported by written documentation, including a written service log written and signed by the provider who delivered the service.[4]

Signatures were missing from the written service logs supporting the eight claims because Lakes Regional did not follow requirements that written service logs must be signed. As a result, HHSC paid for claims that did not meet program documentation requirements.

HHSC may recoup any payment made to a program provider for a service if the service is not documented in accordance with the HCS Program Billing Guidelines,[5] or if the claim for the service does not meet the requirements of the HCS Program Billing Guidelines.[6] Claims details related to this finding are listed in Appendix C.

[4] Home and Community-based Services Program Billing Guidelines, §§ 3210 (July 23, 2012), 3810.2 (Oct. 30, 2015), and 3820.1 (Mar. 21, 2014).

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

[6] 40 Tex. Admin. Code § 9.170(4)(F) (Nov. 15, 2015, and Mar. 20, 2016) and § 9.170(4)(G) (Sept. 1, 2014).

Recommendation 1

Lakes Regional should ensure that written service logs are appropriately signed by the provider who delivered the services before using a written service log as support for an HCS claim billed to Medicaid.

Lakes Regional should reimburse HHSC $1,159.91 for 8 HCS claims paid on services that were not supported by signed written service logs.

Summary of Lakes Regional Management Response

Lakes Regional provided additional documentation along with its management response, and indicated that it had taken action to improve its processes for supporting the HCS claims it bills to Medicaid. It disagreed with the auditor's conclusion that the bills Lakes Regional submitted to Medicaid were not adequately supported.

See Appendix D for the complete Lake Regional management response.

Auditor Comment

The OIG Audit Division evaluated the additional information Lakes Regional provided with its management response. This information provided sufficient evidence to clear some of the original exceptions identified during the audit. For the remaining exceptions, the information did not demonstrate that Lakes Regional met the program requirements detailed in the HCS Program Billing Guidelines for documenting billed services.

Finding 2: Billed Services Were Not Documented on Written Service Logs

Lakes Regional did not always document the services provided to clients on written service logs, as required. The written service logs tested were missing specific services provided for 25 of the 407 claims associated with the written service logs tested, for which HHSC paid Lakes Regional $3,509.35.

HCS Program Billing Guidelines state that claims must be supported by a written service log, which must include a "description or list of activities performed by the service provider … that evidences the performance of one or more billable activities."[7] In addition, the HCS provider agreement requires Lakes Regional to

[7] Home and Community-based Services Program Billing Guidelines §§ 3810.2 (Oct. 30, 2015) and 3820.1 (Mar. 21, 2014).

certify that information submitted regarding claims will be true, accurate, and complete, and that such information can be verified by source documents.[8]

Support for the 25 claims was missing because Lakes Regional did not follow requirements that billed services must be documented. As a result, HHSC paid for claims that did not meet program documentation requirements.

HHSC may recoup any payment made to a program provider for a service if the service is not documented in accordance with the HCS Program Billing Guidelines,[9] or if the claim for the service does not meet the requirements of the HCS Program Billing Guidelines.[10] Claims details related to this finding are listed in Appendix C.

Recommendation 2

Lakes Regional should ensure that billed services are fully and accurately documented on written service logs.

Lakes Regional should reimburse HHSC $3,509.35 for 25 HCS claims paid on services that were not supported by complete written service logs.

Summary of Lakes Regional Management Response

Lakes Regional provided additional documentation along with its management response, and indicated that it had taken action to improve its processes for supporting the HCS claims it bills to Medicaid. It disagreed with the auditor's conclusion that the bills Lakes Regional submitted to Medicaid were not adequately supported.

See Appendix D for the complete Lake Regional management response.

Auditor Comment

The OIG Audit Division evaluated the additional information Lakes Regional provided with its management response. This information did not demonstrate that Lakes Regional met the program requirements detailed in the HCS Program Billing Guidelines for documenting billed services.

[8] Medicaid Provider Agreement for the Provision of HCS Program Services #001007185 § II.H (Sept. 1, 2003).

[9] 40 Tex. Admin. Code § 9.170(4)(E) (Nov. 15, 2015, and Mar. 20, 2016) and § 9.170(4)(F) (Sept. 1, 2014).

[10] 40 Tex. Admin. Code § 9.170(4)(F) (Nov. 15, 2015, and Mar. 20, 2016) and § 9.170(4)(G) (Sept. 1, 2014).

Finding 3: Client Offsite Visit Documentation Was Incomplete

Documentation to support claims for residential support services for clients visiting family members or friends away from the client's residence did not always include visitation dates and location information, as required. The written services logs tested were missing documentation of specific data elements for 6 of the 407 claims associated with the written service logs tested, for which HHSC paid Lakes Regional $805.76.

HCS Program Billing Guidelines state that Lakes Regional must have written documentation to support claims for residential support services for clients visiting family members or friends away from the client's residence. Documentation must include:

- Client's name
- Visitation dates and location
- Date and signature of the client's residential support service provider[11]

Support for the seven claims was missing because Lakes Regional did not follow requirements for documenting client visits with family members or friends away from the client's residence. As a result, HHSC paid for claims that did not meet program documentation requirements.

HHSC may recoup any payment made to a program provider for a service if the provider does not document the service in accordance with the HCS Program Billing Guidelines,[12] or if the claim for the service does not meet the requirements of the HCS Program Billing Guidelines.[13] Claims details related to this finding are listed in Appendix C.

Recommendation 3

Lakes Regional should ensure that client visits with family members or friends away from the client's residence are supported with required documentation.

Lakes Regional should reimburse HHSC $805.76 for 6 HCS claims that were not supported by complete client visit documentation.

[11] Home and Community-based Services Program Billing Guidelines § 4560.9 (Sept. 1, 2014).

[12] 40 Tex. Admin. Code § 9.170(4)(E) (Nov. 15, 2015, and Mar. 20, 2016) and § 9.170(4)(F) (Sept. 1, 2014).

[13] 40 Tex. Admin. Code § 9.170(4)(F) (Nov. 15, 2015, and Mar. 20, 2016) and § 9.170(4)(G) (Sept. 1, 2014).

Summary of Lakes Regional Management Response

Lakes Regional provided additional documentation along with its management response, and indicated that it had taken action to improve its processes for supporting the HCS claims it bills to Medicaid. It disagreed with the auditor's conclusion that the bills Lakes Regional submitted to Medicaid were not adequately supported.

See Appendix D for the complete Lake Regional management response.

Auditor Comment

The OIG Audit Division evaluated the additional information Lakes Regional provided with its management response. This information provided sufficient evidence to clear one of the original exceptions identified during the audit.

For the remaining exceptions, the information did not demonstrate that Lakes Regional met the program requirements detailed in the HCS Program Billing Guidelines for documenting billed services.

CONCLUSION

The OIG Audit Division evaluated support for Medicaid fee-for-service HCS claims submitted by Lakes Regional to determine whether:

- Written service logs for residential support services and supervised living detailed the services provided and were properly signed.
- Client offsite visits with family or friends were documented as required.
- Individual Plans of Care for day habilitation services, host home/companion care services, and other HCS services contained required signatures.

The OIG Audit Division also evaluated IT application controls to determine whether controls existed and were sufficient to protect the reliability of system data that was utilized for audit testing. The OIG Audit Division conducted site visits in December 2017.

Lakes Regional did not comply with the HCS provider agreement or with state rules and guidelines for documentation associated with 39 of the 407 claims associated with the written service logs tested. Support for some of the 39 claims contained more than one error. The 39 claims represented $5,475.02 in unsupported Medicaid reimbursements.

The OIG Audit Division concluded:

- Lakes Regional's authorizations for services, represented by Individual Plans of Care, existed and contained required signatures.
- Lakes Regional had application controls in place to ensure that information was entered into CARE by authorized individuals and that services entered were limited to authorized (a) clients and their associated providers, (b) services approved by the local authorities, (c) number of hours and days, and (d) dollar amounts.
- Lakes Regional had sufficient IT application controls in place to ensure the accuracy and reliability of the data for purposes of this report.
- Lakes Regional did not always ensure written service logs were signed.

- Lakes Regional did not always document services delivered to clients on written service logs.

- Lakes Regional did not always document client offsite visits with family or friends as required.

The OIG Audit Division offered recommendations to Lakes Regional which, if implemented, will ensure:

- Written service logs are appropriately signed and include all delivered services
- Client offsite visits with family or friends are documented as required

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

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

Objectives

The objectives of this audit were to determine whether (a) documentation to support fee-for-service claims for residential support services and supervised living submitted by and paid to Lakes Regional existed and were completed in accordance with the HCS provider agreement and with state rules and guidelines and (b) authorizations for other billed HCS services existed and were signed in accordance with the HCS provider agreement and with state rules and guidelines.

Scope

The audit scope included paid claims for the periods from June 1, 2015, through January 31, 2016, and May 1, 2016, through August 31, 2016,[14] and a review of relevant activities, internal controls, and IT general and application controls through the end of fieldwork in December 2017.

Methodology

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

- Lakes Regional's organizational chart
- Lakes Regional's policies and procedures
- Written service logs
- Individual Plans of Care
- Implementation plans
- Person-directed plans
- Multi-service progress notes
- IT general and application controls
- Client guardianship documents
- Email communications

The OIG Audit Division issued an engagement letter on December 18, 2017, to Lakes Regional providing information about the audit and conducted fieldwork at the Lakes Regional facility in Terrell, Texas, December 18 through 21, 2017.

[14] HHSC's Contract Administration and Provider Monitoring division conducted a routine monitoring review of Lakes Regional on May 9, 2017. The scope of this monitoring review included paid claim transactions from February 1, 2016, through April 30, 2016, so the OIG Audit Division excluded that portion of paid claim transactions from this audit.

Auditors did not remove original records from the Lakes Regional premises. During fieldwork, auditors requested additional documents, which Lakes Regional 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 obtained written service logs associated with a sample of 60 weeks of service for unique clients, representing 407 residential support services and supervised living paid claims. It performed test work to determine whether each written service log provided required support for the corresponding claims. The OIG Audit Division considered all claims associated with a written service log that was not complete or lacked required signatures to be questioned costs.

Historically, Lakes Regional used Observation Notes to document residential support services and supervised living. These Observation Notes are daily forms divided into three eight-hour shifts. Staff documented the residential assistance services or activities provided during their shift in the corresponding section of the daily Observation Note. During the audit periods, Lakes Regional pilot tested Form 4119s in some locations and used Observation Notes in others.

The OIG Audit Division returned to Lakes Regional for a one-day site visit in April. During this visit, Lakes Regional provided additional documentation to support client visits with family members or friends away from the client's residence that written service logs did not adequately document.

During the fieldwork site visit, Lakes Regional indicated they had abandoned the use of Observation Notes and now used Form 4119 exclusively. Form 4119 is a weekly form, covering seven days not broken down into daily shifts. Staff on each shift complete a separate Form 4119, resulting in three Form 4119s per patient per week.

The OIG Audit Division also obtained a sample of 20 clients who used day habilitation services and identified 67 Individual Plans of Care associated with the 20 selected clients. It performed test work to determine whether each Individual Plan of Care was properly signed. The OIG Audit Division considered all claims associated with an Individual Plan of Care (claims for day habilitation services, host home/companion care services, or any of the other HCS services) that lacked required signatures 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 #001007433 § II.H (2003)
- Home and Community-based Services Program Billing Guidelines §§ 3210 (2012), 3810.2 (2015), 3820.1 (2014), and 4560.9 (2014)
- Home and Community-based Services Handbook, §§ 6230, 6431.2, and 6523 (2011) and § 6324 (2014)

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 written service logs associated with paid claims for residential support services and supervised living, and testing of Individual Plans of Care for day habilitation services, which in some instances also included authorization for host home/companion care services and other HCS services, for the periods of June 1, 2015, through January 31, 2016, and May 1, 2016, through August 31, 2016. The data for testing came from the Claims Management System at Texas Medicaid and Healthcare Partnership, which includes data from the CARE system.

Claims and Written Service Logs for Residential Support Services and Supervised Living

The OIG Data and Technology Division defined and validated the residential support services and supervised living population to include all fee-for-service paid claims between June 1, 2015, through January 31, 2016, and May 1, 2016, through August 31, 2016, inclusively. This population consisted of 12,541 paid claims for 37 clients. The total paid amount for the 12,541 claims associated with this population was $1,798,922.10.

The sampling unit is a unique ID that consists of client ID and week of service. All 1,841 sampling units associated with Lakes Regional clients from June 1, 2015, through January 31, 2016, and May 1, 2016, through August 31, 2016, comprise the sampling frame. The sampling frame was extracted from the Vision 21 data warehouse on October 19, 2017.

Due to a large variation in the dollar amounts associated with each sampling unit, a statistician used stratified sampling to create a representative sample of the population. The statistician divided the sampling units into two strata to ensure high variation between strata and low variation within stratum. Next, RAT-STATS, the primary statistical tool used by the Office of Inspector General for the United States Department of Health and Human Services, calculated a minimum sample size of 2 for Stratum 1, and a minimum sample size of 3 for Stratum 2, with a 95 percent confidence interval and an assumed 10 percent precision.

The audit team used a sample size of 30 for each stratum, resulting in a sample of 60 units. The statistician used a random number generator to select the random sample. Each sampling unit corresponded to either one Form 4119 or multiple Observation Notes associated with one or more paid claims. The total paid amount for the 407 claims associated with the sample was $57,599.61.

Individual Plans of Care for Day Habilitation, Host Home/Companion Care, and Other HCS services

The audit team used judgmental sampling[15] applied against the population of day habilitation services clients to select the audit sample for testing of Individual Plans of Care. The sampling unit for testing of Individual Plans of Care was at the client level.

The OIG Data and Technology Division defined and validated an initial population that included all Medicaid clients that received day habilitation services associated with fee-for-service paid claims between June 1, 2015, through January 31, 2016, and May 1, 2016, through August 31, 2016, inclusively. This population consisted of 103 clients.

Because clients who received day habilitation services may have also received residential support services or supervised living, which were included in a separate audit test, auditors excluded clients enrolled in either of these services from the list of clients receiving day habilitation services. This resulted in the initial population of 103 clients being reduced by 37 (36 residential support services clients and one supervised living client) to a final population of 66 clients.

The audit team used a stop-and-go sampling approach for testing. The audit team would test an initial sample of 20 clients, and if the error rate exceeded 10 percent, the audit team would test an additional 10 clients; otherwise, no additional testing would occur. The audit team used a random number generator to select the initial 20-client sample, the 10 additional client sample, and 5 alternates to accommodate the occurrence of duplicates.

An Individual Plan of Care typically covers a one-year period; however, an individual may have multiple revisions of service occur during the course of the year, with each occurrence resulting in a new Individual Plan of Care generated to reflect the agreed-upon revision.

The 20 clients selected in the sample had differing numbers of Individual Plans of Care, ranging from 2 to 6 per client. Table 1 indicates the number of clients with each number of Individual Plans of Care, and multiplies the number of clients by the number of corresponding Individuals Plans of Care, resulting in the total number of 67 Individual Plans of Care tested during the audit.

[15] "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 Individual Plans of Care Tested
1	1	1
2	5	10
3	6	18
4	3	12
5	4	20
6	1	6
Total	20	67

Source: OIG Audit Division

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

- Host home/companion care
- Day habilitation
- Nursing
- Dental treatment
- Adaptive aids
- Behavioral support services
- Respite
- Speech and language pathology services
- Transportation
- Supported home living

The Individual Plans of Care tested did not list any of the following services:

- Audiology services
- Cognitive rehabilitation therapy
- Dietary services
- Employment assistance
- Minor home modifications
- Occupational therapy services
- Physical therapy services
- Residential support
- Social work services
- Supervised living
- Supported employment

Appendix C: Recoupable Paid Claims

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

Finding 1. Support for Billed Services Did Not Include Required Provider Signatures
Finding 2. Billed Services Were Not Documented on a Written Service Log
Finding 3. Client Offsite Visit Documentation Was Incomplete

Client Sample Identifier	Service Date	Finding Number	Claim Amount
327	5/8/2016	3	$ 134.63
357	8/27/2016	3	134.63
375	12/13/2015	3	134.63
690	1/27/2016	1	155.42
690	1/28/2016	1	155.42
930	8/16/2015	2	141.96
930	8/21/2015	2	141.96
946	11/13/2015	2	143.09
991	9/13/2015	2	176.05
991	9/14/2015	2	176.05
991	9/19/2015	2	176.05
1011	5/8/2016	1	143.09
1020	6/12/2016	1	143.09
1020	6/18/2016	1	143.09
1101	7/25/2015	2	141.96
1417	5/30/2016	2	134.63
1417	5/31/2016	2	134.63
1420	6/17/2015	2	133.62
1420	6/18/2015	2	133.62
1420	6/19/2015	3	133.62
1420	6/20/2015	3	133.62
1420	10/17/2015	2	134.63
1526	6/7/2015	1	133.62
1543	7/31/2016	2	134.63
1543	8/1/2016	2	134.63
1638	6/26/2015	2	133.62
1638	6/27/2015	2	133.62
1655	8/16/2015	2	133.62
1655	8/17/2015	2	133.62
1655	8/18/2015	2	133.62
1655	8/19/2015	2	133.62

Client Sample Identifier	Service Date	Finding Number	Claim Amount
1655	8/20/2015	2	133.62
1655	8/21/2015	2	133.62
1655	8/22/2015	2	133.62
1679	12/27/2015	3	134.63
1679	12/28/2015	2	134.63
1679	12/31/2015	2	134.63
1697	7/4/2016	1	143.09
1697	7/6/2016	1	143.09
Total		39	$ 5,475.02

Source: OIG Audit Division

Appendix D: Lakes Regional Management Responses

Lakes Regional's verbatim responses appear below. Note that the referenced attachments, Attachments A through C, are not included.

Recommendation 1

Lakes Regional should ensure that written service logs are appropriately signed by the provider who delivered the services before using a written service log as support for an HCS claim billed to Medicaid.

Lakes Regional should reimburse HHSC $1,159.91 for 8 HCS claims paid on services that were not supported by signed written service logs.

Response to Recommendation 1

Action Plan

After reviewing the claims cited for missing signatures, Lakes Regional found evidence to fulfill the Audit expectations. The claims have the minimum of two required signatures, which meets the billing guideline criteria for signatures of the *HCS Billing Guidelines* 4560 section 2 and section 8. The *HCS Billing Guidelines* 4560 section 2 states, "A service provider must be available to provide services for at least two shifts in one calendar day (one shift during the day and one shift at night during sleeping hours". The *HCS Billing Guidelines* 4560 section 8 states, "demonstrate that a service provider is present and awake in the residence during the time an individual is present in the residence or is available to provide services when the individual is away from the residence for at least two shifts in one calendar day (one shift during the day and one shift at night during sleeping hours)". These documents were submitted to the OIG during the initial audit and additional documentation is being included for review, please see Attachment A.

Lakes Regional and legal counsel are concerned that the OIG auditors applied a different standard than is applied under the HCS Billing Guidelines. The mandate of a signature for service delivery does not require that this signature be contained on one specific document. Staff deliver supervision services, medication services, active treatment services and social services. All of these are billable and documented on different paperwork, with a combination of initials and signatures. The HCS program has consistently held that a combination of these records support compliant billing. These records were present and available for each of the exceptions taken in the Audit. Selection of one document for the presence of a signature does not test billing compliance. The absence of a signature in small homelike settings where services vary every day is not the type of data suitable for RATSTAT. RATSTAT is used with approval on high volume and routinized data in which non-compliance can be measured with certainty and objectively.

RATSTAT has been applied to medical and institutional services. RATSTAT may compliantly select a random sample in the Audit, but the collection of a missing signature on one document does not test service delivery failure. The errors reflect individual failures in technical compliance in decentralized service delivery locations where unique or unusual events are more likely to explain these lapses.

Lakes Regional completed training with all group home staff on December 21, 2017 to review the billable guidelines for Group Home Service Logs. In addition to training staff, the Group Home Manager and/or Regional Managers review the Service Logs in each group home on a routine basis to ensure accuracy of shift documentation which includes documentation on the Observation Note and Form 4119.

Lakes Regional is in discussion to implement an electronic health record that includes residential support documentation. An electronic health record would ensure the documentation is complete and electronically signed to reduce non-billable errors.

Responsible Manager

IDD Provider Director, Group Home Managers, Regional Managers, Provider Care Coordinators and Enhancement Coordinator, QM Department

Target Implementation Date

1. On December 21, 2017, Group Home Staff were trained over the *HCS Billing Guidelines* and documentation; new employees will continue to be trained. Training over billable guidelines and appropriate documentation will be completed annually, and as needed throughout the year.

    a. Frequency/timetables – Group Home staff were trained on January 3, 2018, February 14, 2018, March 26, 2018, September 24, 2018, September 26, 2018 and October 25, 2018.

    b. PRN Training – PRN training was completed on January 29, 2018, April 2, 2018, September 19, 2018, October 1, 2018, October 16, 2018, October 17, 2018 and October 26, 2018.

    c. Future Scheduled Training – Lakes Regional has a Provider Care Coordinators meeting/training scheduled for November 15, 2018 and Managers meeting/training scheduled for November 28, 2018.

2. Lakes Regional is in discussion to implement an electronic health record for HCS. Lakes Regional met with an electronic health record company to demonstrate their software on August 30, 2018. Lakes Regional is in the

process of exploring electronic health record companies. A decision will be made on the software meeting the needs of the Center and CARE based billing.

a. Progress/new development – Lakes Regional formed a committee on July 23, 2018 to implement an electronic health record for HCS, and is working on increasing utilization of our existing electronic health record as well as exploring other 3rd party vendors. Lakes Regional met with Task Master Pro on August 30, 2018. Task Master Pro's demonstration showed the product had great functionality and forms content, however did not have the capability of data import in our Cerner electronic health record, which would need to be developed. Our cost analysis for this solution indicated that this is not within our budget. Lakes Regional met with Cerner for a presentation of their Millennium platform on September 6, 2018. Cerner stated that this development effort would include functionality and forms for our IDD programs. Cerner has not determined a release date for this new platform. Lakes Regional will be scheduling a demo of the Cerner-Millennium product when available. Currently multiple IDD Providers across the state of Texas, including Lakes Regional, are exploring electronic health records suitable for the IDD population that interacts with CARE based billing.

b. Anticipated dates/timetables – In addition to the Cerner-Millennium product, Lakes will be scheduling demos with NetSmart-My Avatar, Streamline-Smartcare, and possibly other 3rd party vendors. Staff from the Information Technology Department and Quality Management Department are reviewing IDD forms on November 19, 2018 to determine the workload for the Information Technology Department to build the needed forms into our current Cerner electronic health record. Forms development effort within our current Cerner system versus a 3rd party solution is dependent on cost effectiveness.

Recommendation 2

Lakes Regional should ensure that billed services are fully and accurately documented on written service logs.

Lakes Regional should reimburse HHSC $3,509.35 for 25 HCS claims paid on services that were not supported by complete written service logs.

Response to Recommendation 2

Action Plan

After reviewing the claims cited for missing documentation, Lakes Regional found evidence to fulfill the Audit expectations through Medication Administrations

Record (MAR sheets). The claims have documentation of services, which meets the billing guideline criteria of the *HCS Billing Guidelines* 4560 section 2. The *HCS Billing Guidelines* 4560 section 2 states, "assisting with the administration of the individual's medication or to perform a task delegated by a registered nurse in accordance with rules of the Texas Board of Nursing at 22 TAC, Chapter 225 (relating to RN Delegation to Unlicensed Personnel and Tasks not Requiring Delegation in Independent Living Environments for Clients with Stable and Predictable Conditions) or the Human Resources Code, §161.091-.093, as applicable;". Supporting documentation was available during the OIG audit, Please see Attachment B.

Lakes Regional and legal counsel are concerned that the OIG auditors applied a different standard than is applied under the HCS Billing Guidelines. The mandate of a service description on one specific document and the subjective measure of adequate content is subjective. Staff deliver supervision services, medication services, active treatment services and social services. All of these are billable and documented on different paperwork, with a combination of initials and signatures. The HCS program has consistently held that a combination of these records support compliant billing. These records were present and available for each of the exceptions taken in the Audit.

Lakes Regional completed training with all Group Home staff on December 21, 2017 to review the *HCS Billing Guidelines* and documentation requirements. In addition to training staff, Group Home Manager and/or Regional Manager review documentation in each group home on a routine basis to ensure accuracy on all documentation completed by staff.

Lakes Regional is in discussion to implement an electronic health record that includes residential support documentation. An electronic health record would ensure the documentation is complete and electronically signed to reduce non-billable errors.

Responsible Manager

IDD Provider Director, Group Home Managers, Regional Managers, Provider Care Coordinators and Enhancement Coordinator, QM Department

Target Implementation Date

1. On December 21, 2017, Group Home Staff were trained over the *HCS Billing Guidelines* and documentation; new employees will continue to be trained. Training over billable guidelines and appropriate documentation will be completed annually, and as needed throughout the year.

a. Frequency/timetables – Group Home staff were trained on January 3, 2018, February 14, 2018, March 26, 2018, September 24, 2018, September 26, 2018 and October 25, 2018.

b. PRN Training – PRN training was completed on January 29, 2018, April 2, 2018, September 19, 2018, October 1, 2018, October 16, 2018, October 17, 2018 and October 26, 2018.

c. Scheduled Training – Lakes Regional has a Provider Care Coordinators meeting/training scheduled for November 15, 2018 and Managers meeting/training scheduled for November 28, 2018.

2. Lakes Regional is in discussion to implement an electronic health record for HCS. Lakes Regional met with an electronic health record company to demonstrate their software on August 30, 2018. Lakes Regional is in the process of exploring electronic health record companies. A decision will be made on the software meeting the needs of the Center and CARE based billing.

   a. Progress/new development – Lakes Regional formed a committee on July 23, 2018 to implement an electronic health record for HCS, and is working on increasing utilization of our existing electronic health record as well as exploring other 3rd party vendors. Lakes Regional met with Task Master Pro on August 30, 2018. Task Master Pro's demonstration showed the product had great functionality and forms content, however did not have the capability of data import in our Cerner electronic health record, which would need to be developed. Our cost analysis for this solution indicated that this is not within our budget. Lakes Regional met with Cerner for a presentation of their Millennium platform on September 6, 2018. Cerner stated that this development effort would include functionality and forms for our IDD programs. Cerner has not determined a release date for this new platform. Lakes Regional will be scheduling a demo of the Cerner-Millennium product when available. Currently multiple IDD Providers across the state of Texas, including Lakes Regional, are exploring electronic health records suitable for the IDD population that interacts with CARE based billing.

   b. Anticipated dates/timetables – In addition to the Cerner-Millennium product, Lakes will be scheduling demos with NetSmart-My Avatar, Streamline-Smartcare, and possibly other 3rd party vendors. Staff from the Information Technology Department and Quality Management Department are reviewing IDD forms on November 19, 2018 to determine the workload for the Information Technology Department to build the needed forms into our current Cerner electronic health

record. Forms development effort within our current Cerner system versus a 3rd party solution is dependent on cost effectiveness.

Recommendation 3

Lakes Regional should ensure that client visits with family members or friends away from the client's residence are supported with required documentation.

Lakes Regional should reimburse HHSC $805.76 for 6 HCS claims that were not supported by complete client visit documentation.

Response to Recommendation 3

Action Plan

After reviewing the claims cited for missing signatures, Lakes Regional found evidence to fulfill the Audit expectations. These claims have documentation of the home visit as required in *the HCS Billing Guidelines* section 9(3). The *HCS Billing Guidelines* 4560 section 9(3) states, "A program provider must have written documentation to support a service claim for residential support for an individual on a visit with a family member or friend. Documentation must include: name of the individual; the dates the individual was visiting the family member or friend; the location of the visit; and the date and signature of the individual's residential support service provider". Documents were submitted to the OIG during the initial audit and additional documentation is being included for review, please see Attachment C.

Lakes Regional and legal counsel are concerned that the OIG auditors applied a different standard than is applied under the HCS Billing Guidelines. Documentation of a client leaving the group home for multiple days requires clear communication of the dates of absence and not a log each day. It is appropriate to document the date of departure and to resume on the date of return by marking the absence only in the medication administration record.

Lakes Regional completed training with all group home staff on December 21, 2017 to review the *HCS Billing Guidelines* for Group Home documentation for home visits. In addition to training staff, the Group Home Manager and/or Regional Managers review the documentation and Therapeutic Home Visit Forms in each group home on a routine basis to ensure accuracy of shift documentation.

Lakes Regional is in discussion to implement an electronic health record that includes residential support documentation. An electronic health record would ensure the documentation is complete and electronically signed to reduce non-billable errors.

Responsible Manager

IDD Provider Director, Group Home Managers, Regional Managers, Provider Care Coordinators and Enhancement Coordinator, QM Department

Target Implementation Date

1. On December 21, 2017, Group Home Staff were trained over the *HCS Billing Guidelines* and documentation; new employees will continue to be trained. Training over billable guidelines and appropriate documentation will be completed annually, and as needed throughout the year.

    a. Frequency/timetables – Group Home staff were trained on January 3, 2018, February 14, 2018, March 26, 2018, September 24, 2018, September 26, 2018 and October 25, 2018.

    b. PRN Training – PRN training was completed on January 29, 2018, April 2, 2018, September 19, 2018, October 1, 2018, October 16, 2018, October 17, 2018 and October 26, 2018.

    c. Scheduled Training – Lakes Regional has a Provider Care Coordinators meeting/training scheduled for November 15, 2018 and Managers meeting/training scheduled for November 28, 2018.

2. Lakes Regional is in discussion to implement an electronic health record for HCS. Lakes Regional met with an electronic health record company to demonstrate their software on August 30, 2018. Lakes Regional is in the process of exploring electronic health record companies. A decision will be made on the software meeting the needs of the Center and CARE based billing.

    a. Progress/new development – Lakes Regional formed a committee on July 23, 2018 to implement an electronic health record for HCS, and is working on increasing utilization of our existing electronic health record as well as exploring other 3rd party vendors. Lakes Regional met with Task Master Pro on August 30, 2018. Task Master Pro's demonstration showed the product had great functionality and forms content, however did not have the capability of data import in our Cerner electronic health record, which would need to be developed. Our cost analysis for this solution indicated that this is not within our budget. Lakes Regional met with Cerner for a presentation of their Millennium platform on September 6, 2018. Cerner stated that this development effort would include functionality and forms for our IDD programs. Cerner has not determined a release date for this new platform. Lakes Regional will be scheduling a demo of the Cerner-Millennium product when available.

Currently multiple IDD Providers across the state of Texas, including Lakes Regional, are exploring electronic health records suitable for the IDD population that interacts with CARE based billing.

b. Anticipated dates/timetables – In addition to the Cerner-Millennium product, Lakes will be scheduling demos with NetSmart-My Avatar, Streamline-Smartcare, and possibly other 3rd party vendors. Staff from the Information Technology Department and Quality Management Department are reviewing IDD forms on November 19, 2018 to determine the workload for the Information Technology Department to build the needed forms into our current Cerner electronic health record. Forms development effort within our current Cerner system versus a 3rd party solution is dependent on cost effectiveness.

Appendix E: 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
- Lorraine Chavana, Audit Project Manager
- Melissa Larson, CISA, CIA, CFE, HCISPP, IT Audit Project Manager
- Jim Hicks, IT, CISA, Senior Auditor
- Keven Holst, Senior Auditor
- Larry Gambone, CPA, Senior 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
- Nikolaos Vekris, Director, Contract Administration and Provider Monitoring

Lakes Regional Community Center

- John Delaney, Executive Director
- Kellie Walker, Director Contracts and Quality Management
- Laurie White, Director IDD Provider Services

Appendix F: 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

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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
- Mail: Texas Health and Human Services Commission
  Office of Inspector General
  P.O. Box 85200
  Austin, Texas 78708-5200
- Phone: 512-491-2000