

# Audit Report

## Lauve's Pediatric Extended Care

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A Prescribed Pediatric Extended Care  
Center in Longview, Texas



**Inspector  
General**

Texas Health  
and Human Services

August 22, 2023

OIG Report No. AUD-23-029



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in Longview, Texas

## Results in Brief

### Why OIG Conducted This Audit

The Texas Health and Human Services (HHS) Office of Inspector General Audit and Inspections Division (OIG Audit) conducted an audit of Lauve's Pediatric Extended Care (Lauve's Pediatric) in response to a Texas Health and Human Services Commission (HHSC)

Regulatory Services request to review prescribed pediatric extended care centers (PPECCs), a new Texas Medicaid provider type as of November 1, 2016.

Lauve's Pediatric in Longview, Texas, is one of seven licensed prescribed pediatric extended care centers (PPECCs) in Texas as of December 31, 2022. During the audit scope, which covered the period from September 1, 2021, through December 31, 2022, Lauve's Pediatric served 16 patients; employed 23 individuals, including nurses, attendants, and drivers; and received \$617,423 in Texas Medicaid reimbursements for 300 managed care claims.

### Summary of Review

The audit objective was to determine whether Lauve's Pediatric provided services in accordance with selected rules, statutes, and requirements.

The audit scope covered Texas Medicaid services provided during the period from September 1, 2021, through December 31, 2022, including related personnel and medical records.

### Conclusion

Lauve's Pediatric Extended Care (Lauve's Pediatric) in Longview, Texas, is a prescribed pediatric extended care center (PPECC). Lauve's Pediatric developed plans of care for patients; provided nursing care and transportation services to patients; completed employee licensing and criminal history checks; and trained attendants and drivers.

However, Lauve's Pediatric did not consistently comply with some requirements for staffing ratios; therapy services coordination; annual checks of the Employee Misconduct Registry and the Nurse Aide Registry; and claims submission.

### Key Results

Lauve's Pediatric did not always meet required staffing ratios, coordinate with therapy providers, perform required annual employment checks, and correctly submit claims.

Lauve's Pediatric did not meet minimum staffing ratio requirements for 19 of 37 service dates tested. For 5 of the 19 service dates, Lauve's Pediatric did not meet total staffing requirements during portions of the day. For the remaining 14 service dates, Lauve's Pediatric asserted the director of nurses provided care to meet required staffing ratios; however, during the audit scope, Lauve's Pediatric was not permitted to count the director of nurses, who also served as the facility administrator, towards its staffing ratio.

Lauve's Pediatric did not (a) coordinate with therapy providers to help 3 of 29 patients receive therapy services as included on the patient's plan of care in service weeks tested and (b) perform annual checks of the Employee Misconduct Registry and Nurse Aide Registry as required for all four employees tested.

## Background

PPECCs provide a nonresidential, facility-based care alternative to private duty nursing services for children and adolescents with complex medical conditions who are enrolled in Texas Medicaid. Specifically, PPECC services may be available for Texas Medicaid patients who:

- Are 20 years of age and younger, eligible for the Texas Health Steps Comprehensive Care Program, and medically or technologically dependent.
- Have an acute or chronic condition that requires ongoing skilled nursing.
- Meet the medical necessity criteria for admission to a PPECC.
- Consent to receive PPECC services or have the consent of the patient's responsible adult.

PPECC services may be provided up to 12 hours per day and may include skilled nursing, personal care services while attending the PPECC, functional developmental services, psychosocial services, nutritional counseling, training for the patient's responsible adult, and transportation to and from the PPECC.

## Management Response

Lauve's Pediatric agreed with the audit recommendations and indicated it began implementing corrective actions.

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Additionally, Lauve's Pediatric submitted claims in error for three separate PPECC services it did not provide, totaling \$323.44. Once the Texas Health and Human Services (HHS) Office of Inspector General (OIG) Audit and Inspections Division (OIG Audit) made Lauve's Pediatric aware of these overpaid claims in May 2023, Lauve's Pediatric resubmitted the three claims to reduce future Texas Medicaid payments in the amount of the claims.

## Recommendations

Lauve's Pediatric should:

- Update its staffing and scheduling procedures to meet staffing ratio requirements.
- Maintain scheduling and attendance documentation to support it met the requirements.
- Improve its coordination with therapy providers to verify each patient receives the therapy services to be provided in the PPECC setting as prescribed on the patient's plan of care.
- Implement procedures to update (a) current plans of care for each patient to reflect the amount, duration, and frequency of occupational, physical, and speech therapy services the patient will receive in the PPECC setting and (b) changes to patient needs for therapy services to be received in the PPECC setting.
- Complete annual employee checks of both the Employee Misconduct Registry and the Nurse Aide Registry.
- Implement a secondary review process to verify it provided services before claims are submitted. If the associated documentation does not support services were provided, Lauve's Pediatric should make corrections prior to submitting the claim.

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# Audit Overview

## Overall Conclusion

Lauve's Pediatric Extended Care (Lauve's Pediatric) in Longview, Texas,<sup>1</sup> is a prescribed pediatric extended care center (PPECC). Lauve's Pediatric developed plans of care for patients; provided nursing care and transportation services to patients; completed employee licensing and criminal history checks; and trained attendants<sup>2</sup> and drivers.

However, Lauve's Pediatric did not consistently comply with some requirements for staffing ratios; therapy services coordination; annual checks of the Employee Misconduct Registry and the Nurse Aide Registry; and claims submission.

### Objective

The audit objective was to determine whether Lauve's Pediatric provided services in accordance with selected rules, statutes, and requirements.

### Scope

The audit scope covered Texas Medicaid services provided during the period from September 1, 2021, through December 31, 2022, including related personnel and medical records.

## Key Audit Results

Lauve's Pediatric had a plan of care in place for each of the 14 Texas Medicaid patients Lauve's Pediatric served during the audit scope. Lauve's Pediatric also maintained service logs to validate PPECC services it provided, including transportation services with the required number of qualified staff. Additionally, Lauve's Pediatric performed required checks when hiring employees; verified nursing staff licenses; conducted criminal history checks and state and federal exclusions checks for all staff; and provided training for all attendants and drivers who worked during the audit scope period.

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<sup>1</sup> As of December 31, 2022, Lauve's Pediatric operated three locations, which were located in Longview, Texas; Lubbock, Texas; and Bossier City, Louisiana. This audit was limited to the location in Longview, Texas.

<sup>2</sup> Attendants provide patient care under the supervision of a registered nurse.

However, Lauve's Pediatric did not always meet required staffing ratios, coordinate with therapy providers, perform required annual employment checks, and correctly submit claims.

Lauve's Pediatric did not meet minimum staffing ratio requirements for 19 of 37 service dates tested. For 5 of the 19 service dates, Lauve's Pediatric did not meet total staffing requirements during portions of the day. For the remaining 14 service dates, Lauve's Pediatric asserted the director of nurses provided care to meet required staffing ratios; however, during the audit scope, Lauve's Pediatric was not permitted to count the director of nurses, who also served as the facility administrator, towards its staffing ratio.

Lauve's Pediatric did not (a) coordinate with therapy providers to help 3 of 29 patients receive therapy services as included on the patient's plan of care in service weeks tested and (b) perform annual checks of the Employee Misconduct Registry and Nurse Aide Registry as required for all four employees tested.

Additionally, Lauve's Pediatric submitted claims in error for three separate PPECC services it did not provide, totaling \$323.44. Once the Texas Health and Human Services (HHS) Office of Inspector General (OIG) Audit and Inspections Division (OIG Audit) made Lauve's Pediatric aware of these overpaid claims in May 2023, Lauve's Pediatric resubmitted the three claims to reduce future Texas Medicaid payments in the amount of the claims.

#### **What Prompted This Audit**

OIG initiated this audit in response to a Texas Health and Human Services Commission (HHSC) Regulatory Services request to review PPECCs, a new Texas Medicaid provider type as of November 1, 2016.<sup>3</sup>

The "Detailed Audit Results" section of this report presents additional information about the audit results and is considered written education in accordance with Texas Administrative Code.<sup>4</sup> In addition, other audit issues identified in this report may be subject to liquidated damages or OIG administrative enforcement measures,<sup>5</sup> including administrative penalties.<sup>6</sup>

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<sup>3</sup> 1 Tex. Admin. Code § 363.201 (Nov. 1, 2016).

<sup>4</sup> 1 Tex. Admin. Code § 371.1701 (May 1, 2016).

<sup>5</sup> 1 Tex. Admin. Code § 371.1603 (May 20, 2020).

<sup>6</sup> Tex. Hum. Res. Code § 32.039 (Apr. 2, 2015).

OIG Audit offered recommendations to Lauve's Pediatric, which, if implemented, will help improve compliance with applicable requirements. OIG Audit communicated other, less significant issues to Lauve's Pediatric in a separate written communication.

OIG Audit presented preliminary audit results, issues, and recommendations to Lauve's Pediatric in a draft report dated August 1, 2023. Lauve's Pediatric agreed with the audit recommendations and indicated it began implementing corrective actions. Lauve's Pediatric's management responses are included in the report following each recommendation.

OIG Audit recognizes the unique challenges Lauve's Pediatric faced as a result of the COVID-19 public health emergency, which was present during the audit scope period. OIG Audit thanks management and staff at Lauve's Pediatric for their cooperation and assistance during this audit.

## Key Program Data

Lauve's Pediatric in Longview, Texas, is one of seven licensed PPECCs in Texas.<sup>7</sup> During the audit scope, which covered the period from September 1, 2021, through December 31, 2022, Lauve's Pediatric served 16 patients;<sup>8</sup> employed 23 individuals, including nurses, attendants, and drivers;<sup>9</sup> and received \$617,423 in Texas Medicaid reimbursements for 300 managed care claims.<sup>10,11</sup>

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<sup>7</sup> As of December 31, 2022, there were seven licensed PPECCs in Texas, which operated in Brownsville, Dallas, Edinburg, Houston, Longview, Lubbock, and Tyler, Texas.

<sup>8</sup> Texas Medicaid paid for services Lauve's Pediatric provided to 14 of the 16 patients through the STAR, STAR Kids, and STAR Health programs. The two remaining patients were not enrolled in a Texas Medicaid program.

<sup>9</sup> Lauve's Pediatric also used the services of one contracted nurse.

<sup>10</sup> As of May 9, 2023, Lauve's Pediatric submitted claims for Texas Medicaid services provided between September 1, 2021, and December 31, 2022, to four managed care organizations (MCOs): Amerigroup Texas, Inc. and Amerigroup Insurance Company (Amerigroup); Superior HealthPlan, Inc. (Superior); Texas Children's Health Plan, Inc. (TCHP); and UnitedHealthcare Insurance Company, Inc. (UnitedHealthcare).

<sup>11</sup> Amerigroup Texas, Inc. is the Amerigroup affiliate MCO responsible for compliance with the Uniform Managed Care Contract for the Texas Medicaid STAR program. Amerigroup Insurance Company is the Amerigroup affiliate MCO responsible for compliance with the STAR Kids Managed Care Contract. For the purposes of this report, Amerigroup Texas, Inc. and Amerigroup Insurance Company are referenced together with the combined abbreviation "Amerigroup."



PPECCs provide a nonresidential, facility-based care alternative to private duty nursing services for children and adolescents with complex medical conditions who are enrolled in Texas Medicaid. Specifically, PPECC services may be available for Texas Medicaid patients who:

- Are 20 years of age and younger, eligible for the Texas Health Steps Comprehensive Care Program (CCP), and medically or technologically dependent.
- Have an acute or chronic condition that requires ongoing skilled nursing.
- Meet the medical necessity criteria for admission to a PPECC.
- Consent to receive PPECC services or have the consent of the patient's responsible adult.

PPECC services may be provided up to 12 hours per day and may include skilled nursing, personal care services while attending the PPECC, functional developmental services, psychosocial services, nutritional counseling, training for the patient's responsible adult, and transportation to and from the PPECC.

## **Auditing Standards**

### **Generally Accepted Government Auditing Standards**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



# Detailed Audit Results

OIG Audit performed testing to determine Lauve's Pediatric's compliance with selected rules, statutes, and requirements. Specifically, OIG Audit tested:

- Staffing ratios
- Patient and transportation services
- Staff eligibility
- Attendant and driver training

For all 14 Texas Medicaid patients Lauve's Pediatric served during the audit scope, Lauve's Pediatric developed a plan of care including authorized transportation and containing all required signatures. Additionally, for all service dates tested as part of the audit sample, Lauve's Pediatric (a) completed and maintained service logs and billing spreadsheets to validate center and transportation services it provided and (b) had the required number of qualified staff on each vehicle when providing transportation services.

For all employees working at the PPECC during the audit scope, Lauve's Pediatric performed employment checks upon hire for licensing, criminal history, and exclusions from Medicaid.<sup>12</sup> In addition, Lauve's Pediatric performed monthly Medicaid exclusion checks.<sup>13</sup>

Lauve's Pediatric provided training to each of the attendants and drivers who provided services to patients during the audit scope.

However, Lauve's Pediatric did not consistently comply with some requirements for staffing ratios, therapy services coordination, annual employment checks, and claims submission. The following sections of this report provide additional detail about the findings of noncompliance identified by OIG Audit.

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<sup>12</sup> Exclusions involve the suspension of a provider or any person from being authorized under the Medicaid program to request reimbursement of items or services furnished by that specific provider.

<sup>13</sup> OIG Audit confirmed each employee's status at the time of audit testing matched the results for Lauve's Pediatric's last periodic employment checks for licensing, federal and Texas Medicaid exclusions, Employee Misconduct Registry status, and Nurse Aide registry status.

## Chapter 1: Lauve's Pediatric Did Not Always Meet Required Staffing Ratios

Lauve's Pediatric did not meet minimum staffing ratio requirements for 19 of 37 (51.4 percent) service dates tested. Specifically:

- For 5 service dates, Lauve's Pediatric did not meet total staffing ratios during portions of the day—ranging from one to three staff members fewer than required.
- For the remaining 14 service dates, Lauve's Pediatric asserted the director of nurses provided care to meet the required staffing ratio; however, during the audit scope, Texas Administrative Code did not allow the director of nurses, who also served as the facility administrator, to count towards its staffing ratio.<sup>14</sup> As a result, on these 14 days, Lauve's Pediatric had one less staff member on duty than staffing ratios required.

PPECCs must maintain and document compliance with minimum staffing ratios for nursing services based on the number of patients in attendance and receiving nursing services.<sup>15</sup> To meet staffing ratio requirements, Lauve's Pediatric was required to maintain on-duty staffing, including at least (a) one staff member per three patients receiving nursing services and (b) one registered nurse.<sup>16</sup>

Table 1 on the following page outlines the staffing ratio requirements relevant to this audit. For example, on a day with four patients in attendance and receiving nursing services, Lauve's Pediatric was required to have at least two staff members on duty, one of which must have been a registered nurse.

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<sup>14</sup> 26 Tex. Admin. Code § 550.309(c)(4–5) (May 1, 2019).

<sup>15</sup> 26 Tex. Admin. Code § 550.410 (May 1, 2019).

<sup>16</sup> Texas Administrative Code requires one registered nurse when the number of patients in attendance and receiving nursing services is 12 or less. OIG Audit did not consider requirements for attendance higher than 12 patients because Lauve's Pediatric did not have more than 12 patients in attendance and receiving nursing services on any of the 37 service dates tested as part of this audit.

**Table 1: Daily Staffing Ratio Requirements for Total Staff Members and Registered Nurses at Lauve’s Pediatric**

Patients in Attendance and Receiving Nursing Services	Total Staff Members on Duty	Registered Nurses on Duty
1 to 3	1	1
4 to 6	2	1
7 to 9	3	1
10 to 12	4	1

Source: OIG Audit, based on 26 Tex. Admin. Code § 550.410 (May 1, 2019)

OIG Audit determined, based on payroll records and service logs provided by Lauve’s Pediatric, that required staffing ratios were not met because (a) staff members temporarily left the PPECC while serving as attendants when transporting patients to and from Lauve’s Pediatric and (b) sufficient staff was not scheduled to work. Additionally, Lauve’s Pediatric asserted it did not meet the required staffing ratios because the director of nurses provided patient care instead of performing administrative duties, scheduled staff were unexpectedly absent due to illness or other circumstances, and it experienced challenges hiring qualified staff.<sup>17</sup>

Lauve’s Pediatric asserted it attempted to schedule more staff than required by staffing ratios and hired two nurses to provide attendant services during transportation; however, it did not schedule sufficient total staff to meet staffing ratios on 2 of 21 service dates tested.<sup>18</sup>

When PPECCs do not meet required staffing ratios, it may impact the level of care provided to patients and patient safety.

Due to a rule change effective March 20, 2023, Lauve’s Pediatric was permitted to count the director of nurses towards its staffing ratio when (a) the director of nurses was serving as the PPECC’s administrator and (b) four or more patients were in attendance and receiving nursing services.<sup>19</sup> If this rule had been in effect

<sup>17</sup> Per Tex. Admin. Code § 355.9080 (Jan. 1, 2016), the PPECC reimbursement rate cannot be more than 70 percent of the average hourly private duty nursing rate.

<sup>18</sup> Lauve’s Pediatric did not provide schedules for the remaining 16 of 37 service dates sampled.

<sup>19</sup> 26 Tex. Admin. Code § 550.309(c)(4) (March 20, 2023).

during the audit scope, Lauve's Pediatric would have met staffing ratio requirements on 3 of the 19 service dates identified as noncompliant with staffing ratios.

## **Recommendation 1**

Lauve's Pediatric should (a) update its staffing and scheduling procedures to meet staffing ratio requirements and (b) maintain scheduling and attendance documentation to support it met the requirements.

### **Management Response**

#### **Action Plan**

- a. Lauve's Pediatric's has hired additional registered nurses (RNs), licensed vocational nurses (LVNs), and direct care staff to ensure staff availability for necessary scheduling procedures in order to meet staffing ratio requirements.
- b. Lauve's Pediatric will maintain scheduling and attendance documentation to support staffing requirements are met. A digital and hard copy of employee schedules will be retained as proof staffing requirements are met. Lauve's Pediatric will also ensure the Daily/Active Census is signed by both nurses and direct care staff daily to meet state requirements.

#### **Responsible Managers**

- a. The Administrator and Director of Nurses is responsible for ensuring staff ratios and scheduling procedures are met according to state requirements.
- b. The Administrator and Director of Nurses and the Office Assistant are responsible for maintaining schedule documentation.

#### **Target Implementation Date**

- a. Implementation began January 1, 2023, and will continue as needed in order to remain compliant with state requirements.
- b. Implementation will begin immediately, August 11, 2023.

## Chapter 2: Lauve's Pediatric Did Not Always Coordinate with Therapy Providers

For 3 of 29 (10.3 percent) patient and service week combinations tested,<sup>20</sup> Lauve's Pediatric did not coordinate with therapy providers to help each eligible patient receive occupational, physical, and speech therapy services as included on the patient's plan of care. Specifically, Lauve's Pediatric was not aware that:

- Two patients, whose plans of care prescribed therapy services to be provided in the PPECC setting, received therapy services in their homes instead of in the PPECC setting during two unique weeks tested.
- One patient did not receive a prescribed therapy service during one of the weeks tested.

PPECCs must provide a choice of occupational, physical, and speech therapy providers for each patient whose plan of care requires that the patient receive such therapy services while attending the PPECC. While licensed therapists enrolled in Texas Medicaid independently bill for the therapy services they provide, PPECCs must coordinate care with these therapy providers for any therapy services that must be provided to a patient in the PPECC setting, per the patient's plan of care. While PPECCs are responsible for coordinating with licensed therapists and serving as a location for the coordinated therapy services to be delivered, PPECCs are not responsible for providing therapy services.<sup>21</sup>

In addition, for all Texas Medicaid patients' plans of care tested, Lauve's Pediatric did not include at least one required element—such as amount, duration, or frequency—when documenting therapy services patients were to receive in the PPECC setting. PPECCs are required to complete each patient's plan of care in a

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<sup>20</sup> OIG Audit did not have the information necessary to assess whether one patient received therapy because the patient had not received the evaluations needed to determine whether the patient required therapy and, if so, how often.

<sup>21</sup> Texas Medicaid Provider Procedures Manual, Vol. 2, "Children's Services Handbook," §§ 2.14.1 (Sept. 2021 through Jan. 2022) and 2.15.1 (Feb. 2022 through Dec. 2022).

manner that accurately reflects all services that are to be provided in the PPECC setting, including the amount, duration, and frequency of therapy services.<sup>22</sup>

Lauve's Pediatric asserted that (a) it did not obtain referrals and authorizations for therapy providers until after it developed each patient's plan of care and (b) therapists might not update Lauve's Pediatric about changes to therapy services needed to update each patient's plan of care.

Without detailed information on which therapy services each patient should receive, Lauve's Pediatric cannot coordinate with therapists to help patients receive therapy services in the PPECC setting. As a result, patients may not receive prescribed therapy services in the PPECC setting.

## **Recommendation 2a**

Lauve's Pediatric should improve its coordination with therapy providers to verify each patient receives the therapy services to be provided in the PPECC setting as prescribed on the patient's plan of care.

### **Management Response**

#### **Action Plan**

Lauve's Pediatric will improve coordination with therapy providers to ensure services are provided as indicated on each patient's plan of care. Lauve's Pediatric is now able to access therapy providers electronic charts containing therapy evaluations and visit notes to ensure therapy is provided as ordered.

#### **Responsible Manager**

The Administrator and Director of Nurses is responsible for coordination of services with therapy providers.

#### **Target Implementation Date**

Implementation will begin immediately, August 11, 2023.

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<sup>22</sup> Texas Medicaid Provider Procedures Manual, Vol. 2, "Children's Services Handbook," §§ 2.14.1.1.1 (Sept. 2021 through Jan. 2022) and 2.15.1.1.1 (Feb. 2022 through Dec. 2022).

## **Recommendation 2b**

Lauve's Pediatric should implement procedures to update (a) current plans of care for each patient to reflect the amount, duration, and frequency of occupational, physical, and speech therapy services the patient will receive in the PPECC setting and (b) changes to patient needs for therapy services to be received in the PPECC setting.

### **Management Response**

#### **Action Plan**

- a. Lauve's Pediatric will ensure plans of care for each patient reflect the amount, duration, and frequency of occupational, physical, and speech therapy services the patient receives in the PPECC setting. A copy of the patients most recent evaluation will accompany the PPECC plan of care, outlining the amount of authorized therapy, duration, and frequency.
- b. Lauve's Pediatric will conduct quarterly team conferences to ensure changes to patient needs for therapy are met. Team conferences will include a minimum of one discipline from each therapy the patient receives.

#### **Responsible Manager**

- a. The Administrator and Director of Nurses is responsible for ensuring the amount, duration, and frequency of therapy is included in each patient's plan of care.
- b. The Administrator and Director of Nurses is responsible for scheduling and ensuring team conferences are conducted quarterly to ensure each patient's needs are met.

#### **Target Implementation Date**

- a. Implementation will begin immediately, August 11, 2023.
- b. Implementation will begin immediately, August 11, 2023.



## Chapter 3: Lauve's Pediatric Did Not Perform Required Annual Employment Checks

For all four employees tested, Lauve's Pediatric did not perform annual checks of the Employee Misconduct Registry and Nurse Aide Registry as required. In addition to verifying employment eligibility for each employee upon hire, Lauve's Pediatric must search both the Employee Misconduct Registry and the Nurse Aide Registry at least once every 12 months to determine whether each employee is listed as unemployable in either registry.<sup>23</sup>

Lauve's Pediatric asserted it overlooked these annual checks and did not complete the Employee Misconduct Registry and Nurse Aide Registry check line item on its internally developed annual checklist for calendar year 2022.

When PPECCs do not check the Employee Misconduct Registry and the Nurse Aide Registry every 12 months, patient and staff safety could be affected.<sup>24</sup>

### Recommendation 3

Lauve's Pediatric should complete annual employee checks of both the Employee Misconduct Registry and the Nurse Aide Registry.

#### Management Response

##### Action Plan

Lauve's Pediatric will ensure annual employee checks are conducted on both the Employee Misconduct Registry and the Nurse Aide Registry in order to meet state requirements. Lauve's Pediatric hired an Office Assistant on July 17, 2023.

##### Responsible Managers

The Office Assistant is responsible for conducting annual employee checks including Employee Misconduct Registry and the Nurse Aide Registry. The

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<sup>23</sup> 26 Tex. Admin. Code § 550.418(c)(3) (May 1, 2019).

<sup>24</sup> OIG Audit verified that, as of June 2023, Lauve's Pediatric did not employ any individuals listed as unemployable on the Employee Misconduct Registry or the Nurse Aide Registry.

Administrator and Director of Nurses will ensure all required initial and annual checks are conducted as required to meet state requirements.

**Target Implementation Date**

Implementation began July 17, 2023, upon hiring of the Office Assistant.

## Chapter 4: Lauve’s Pediatric Submitted Claims in Error

While Lauve’s Pediatric correctly submitted claims for the 30 patient and service date combinations in OIG Audit’s sample, Lauve’s Pediatric submitted claims in error for three separate PPECC services it did not provide, totaling \$323.44.<sup>25</sup> For each service a patient receives in a PPECC setting, the PPECC must update the patient’s medical record to document the:

- Name of the individual providing the service.
- Date of service.
- Type of service.
- Start time and end time the service was provided.<sup>26</sup>

Table 2 provides additional details about the three claims Lauve’s Pediatric submitted to two managed care organization (MCOs)—Amerigroup Texas, Inc. and Amerigroup Insurance Company (Amerigroup) and Texas Children’s Health Plan, Inc. (TCHP)—for services not provided.

**Table 2: Lauve’s Pediatric Claims for Services Not Provided**

Type of Service	Number of Claims	Claim Amount
Daily PPECC services <sup>27</sup>	1	\$266.52
Transportation	2	56.92
<b>Total</b>		<b>\$323.44</b>

Source: OIG Audit

Lauve’s Pediatric did not conduct a secondary review as part of its process for preparing and submitting claims. As a result, Lauve’s Pediatric submitted the three identified claims to Amerigroup and TCHP in error. Once OIG Audit made Lauve’s Pediatric aware of these overpaid claims in May 2023, Lauve’s Pediatric

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<sup>25</sup> OIG Audit identified these three additional PPECC services, which were unrelated to the original sample, while assessing data reliability.

<sup>26</sup> Texas Medicaid Provider Procedures Manual, Vol. 2, “Children’s Services Handbook,” §§ 2.14.1.1.7 (Sept. 2021 through Jan. 2022) and 2.15.1.1.7 (Feb. 2022 through Dec. 2022).

<sup>27</sup> PPECCs use (a) procedure code T1026 for services it provides on an hourly basis for up to four hours and (b) procedure code T1025 for daily services it provides with a duration of more than four hours.

resubmitted the three claims to reduce future Texas Medicaid payments in the amount of the claims.

## **Recommendation 4**

Lauve's Pediatric should implement a secondary review process to verify it provided services before claims are submitted. If the associated documentation does not support services were provided, Lauve's Pediatric should make corrections prior to submitting the claim.

### **Management Response**

#### **Action Plan**

Lauve's Pediatric has implemented a three-part review process to verify services were provided before claims are submitted. Lauve's Pediatric hired an Office Assistant on July 17, 2023.

#### **Responsible Managers**

The Office Assistant is responsible for ensuring patient sign in sheets, transportation logs, and nurses notes reflect the time services were provided and are complete and without discrepancy.

The Administrator and Director of Nurses will provide a secondary review, verifying services were provided as documented without discrepancy.

The Office Assistant will upload patient sign in sheets, transportation logs, and any in-house worksheets related to verification of services provided for Lauve's Pediatric's Owner to review a third time before submitting claims.

#### **Target Implementation Date**

Implementation began July 17, 2023, upon hiring of the Office Assistant.

## Appendix A: Objective, Scope, and Criteria

### Objective and Scope

The audit objective was to determine whether Lauve's Pediatric provided services in accordance with selected rules, statutes, and requirements.

The audit scope covered Texas Medicaid services provided during the period from September 1, 2021, through December 31, 2022, including related personnel and medical records.

### Criteria

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

- 1 Tex. Admin. Code § 363.211 (2016)
- 26 Tex. Admin. Code §§ 550.309, 550.402, 550.404, 550.409, 550.410, 550.415, 550.418, 550.501, 550.607, 550.1101, and 550.1102 (2019)
- Texas Medicaid Provider Procedures Manual, Vol. 1, § 1.3.1 (2021 through 2022)
- Texas Medicaid Provider Procedures Manual, Vol. 2, "Children's Services Handbook," §§ 2.14 (2021 through 2022) and 2.15 (2022)

## Appendix B: Detailed Methodology

OIG Audit issued an engagement letter to Lauve's Pediatric on April 27, 2023, providing information about the upcoming audit, and conducted fieldwork from May 1, 2023, through June 29, 2023.

OIG Audit reviewed Lauve's Pediatric's system of internal controls, including components of internal control,<sup>28</sup> within the context of the audit objectives by:

- Interviewing Lauve's Pediatric personnel knowledgeable about controls related to staffing, service, billing, and training.
- Reviewing relevant documentation, such as patient logs, nursing notes, patient plans of care, staff schedules, policies, procedures, and training records.
- Performing selected tests of the relevant documentation.

### Data Reliability

To assess the reliability of paid claims data for Lauve's Pediatric provided by four managed care organizations,<sup>29</sup> OIG Audit (a) traced encounter data to the paid claims, (b) compared the paid claims to supporting documentation assessed for selected service dates, and (c) interviewed Lauve's Pediatric personnel who were knowledgeable about the systems and data. OIG Audit determined that the paid claims data was sufficiently reliable for the purpose of this audit.

To assess the reliability of Lauve's Pediatric's payroll data, OIG Audit compared payroll reports for selected service dates to supporting documentation assessed for selected service dates. OIG Audit determined that the payroll data was sufficiently reliable for the purpose of this audit.

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<sup>28</sup> For more information on the components of internal control, see the United States Government Accountability Office's *Standards for Internal Control in the Federal Government*, (Sept. 2014), <https://www.gao.gov/assets/gao-14-704g.pdf> (accessed Apr. 16, 2021).

<sup>29</sup> The four managed care organizations that provided paid claims data for Lauve's Pediatric were Amerigroup, Superior, TCHP, and UnitedHealthcare.

## Testing Methodology

OIG Audit collected information for this audit through interviews and electronic communications with Lauve's Pediatric management and staff. OIG Audit reviewed:

- Supporting documentation for selected service dates, including evidence of:
  - Daily actual census forms
  - Daily sign-in sheet
  - Nursing notes
  - Therapy provider logs
  - Transportation logs
- Staff schedules for selected service dates.
- Hiring and background check documentation for all employees who worked during the audit scope.
- Training documentation for attendants and drivers who worked during the audit scope.
- Supporting documentation for selected patient and service date combinations, such as patient plans of care.

## Sampling Methodology

### Monthly Exclusions Checks

To assess Lauve's Pediatric's efforts to consistently verify throughout the audit scope that it did not employ individuals listed in either the United States Department of Health and Human Services Office of Inspector General Exclusions Database or the Texas Exclusions Database, OIG Audit selected a nonstatistical random sample of 12 employee and month combinations.<sup>30</sup> The sample items were not necessarily representative of the population; therefore, it would not be appropriate to project the test results to the population.

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<sup>30</sup> There were 135 employee and month combinations in the audit scope.



### Scheduling and Staffing Ratios

To assess Lauve's Pediatric's scheduling and staffing ratios, OIG Audit selected a nonstatistical sample of 37 service dates through both random selection and risk-based selection.<sup>31</sup> The randomly selected service dates included 28 service dates that were also reflected in the service delivery and billing sample.<sup>32</sup>

OIG Audit selected the risk-based service dates based on whether initial data analysis of Lauve's Pediatric's payroll data indicated it achieved the minimum staffing ratios required by Texas Administrative Code. The test results as reported do not identify which items were randomly selected based on risk; therefore, it would not be appropriate to project the test results to the population.

### Service Delivery and Billing

To assess Lauve's Pediatric's service documentation delivery and billing, OIG Audit selected a nonstatistical stratified sample of 30 patient and service date combinations.<sup>33</sup> OIG Audit selected the number of service dates randomly per patient based on the percentage of time during the audit scope period that the patient received services. The sample items were not necessarily representative of the population; therefore, it would not be appropriate to project the test results to the population.

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<sup>31</sup> There were 336 service dates in the audit scope.

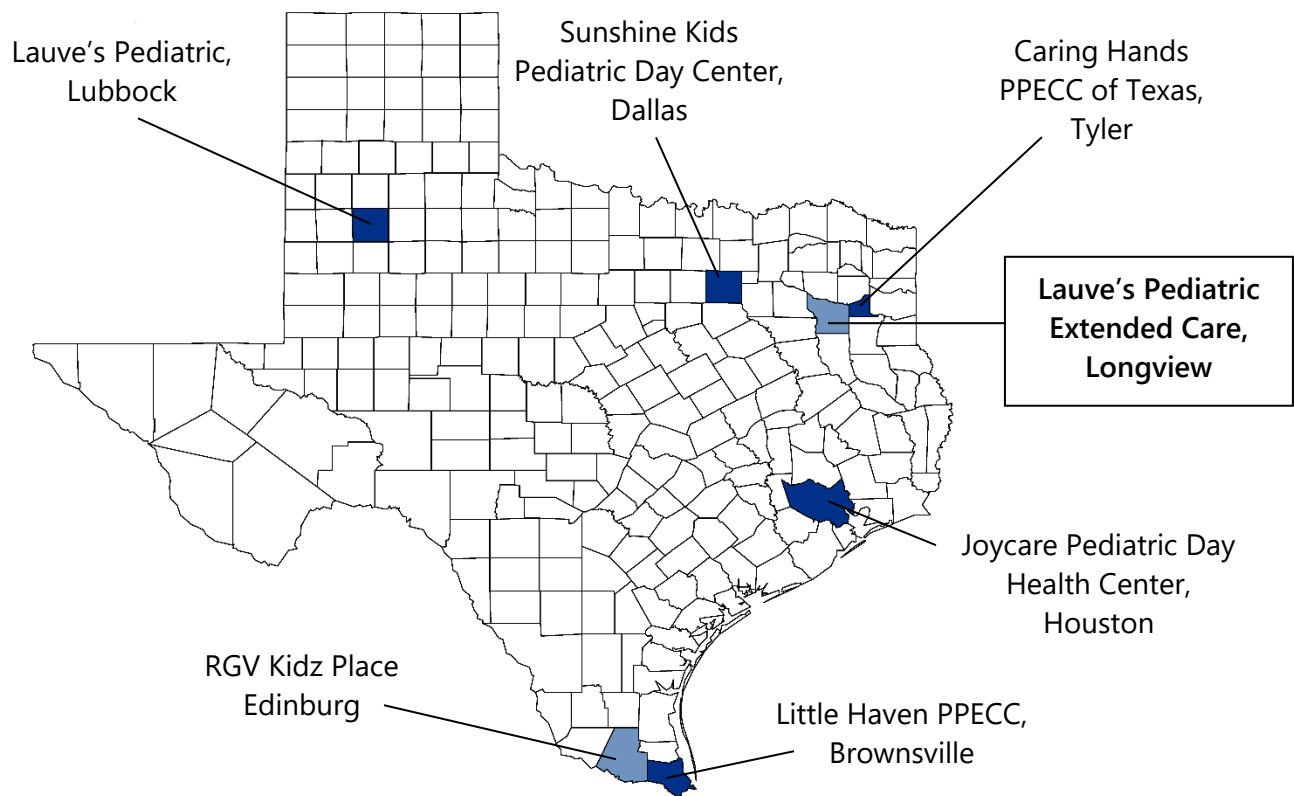
<sup>32</sup> The service delivery and billing sample included two duplicate service dates for patients served on the same date.

<sup>33</sup> There were 2,147 patient and service date combinations in the audit scope.

## Appendix C: PPECCs in Texas

As of December 31, 2022, Lauve's Pediatric in Longview, Texas, was one of seven licensed PPECCs. The other six PPECCs were licensed to operate in Brownsville, Dallas, Edinburg, Houston, Lubbock, and Tyler, Texas. Figure C.1 illustrates the licensed PPECCs in Texas as of December 31, 2022.

**Figure C.1: Licensed PPECCs in Texas as of December 31, 2022**



Source: OIG Audit, compiled from information contained in "Directory of all Texas PPECC providers in Excel format," HHS, <https://www.hhs.texas.gov/providers/long-term-care-providers/prescribed-pediatric-extended-care-centers-ppecc> (accessed July 12, 2023)

## Appendix D: Summary of Recommendations

**Table D.1: Summary of Recommendations to Lauve's Pediatric**

No.	Recommendation
1	Lauve's Pediatric should (a) update its staffing and scheduling procedures to meet staffing ratio requirements and (b) maintain scheduling and attendance documentation to support it met the requirements.
2a	Lauve's Pediatric should improve its coordination with therapy providers to verify each patient receives the therapy services to be provided in the PPECC setting as prescribed on the patient's plan of care.
2b	Lauve's Pediatric should implement procedures to update (a) current plans of care for each patient to reflect the amount, duration, and frequency of occupational, physical, and speech therapy services the patient will receive in the PPECC setting and (b) changes to patient needs for therapy services to be received in the PPECC setting.
3	Lauve's Pediatric should complete annual employee checks of both the Employee Misconduct Registry and the Nurse Aide Registry.
4	Lauve's Pediatric should implement a secondary review process to verify it provided services before claims are submitted. If the associated documentation does not support services were provided, Lauve's Pediatric should make corrections prior to submitting the claim.

Source: OIG Audit

## Appendix E: Resources for Additional Information

The following resources provide additional information about the topics covered in this report.

### For more information on PPECCs:

"Prescribed Pediatric Extended Care Centers (PPECC)," Texas HHS, <https://www.hhs.texas.gov/providers/long-term-care-providers/prescribed-pediatric-extended-care-centers-ppecc> (accessed June 23, 2023)

### For more information on Lauve's Pediatric Extended Care:

Homepage, Lauve's Pediatric, <https://www.lauvespediatric.com/> (accessed June 23, 2023)

### For more information on Amerigroup Insurance Company in Texas Medicaid:

Homepage, Amerigroup, <https://www.amerigroup.com/> (accessed July 6, 2023)

### For more information on Amerigroup Texas, Inc. in Texas Medicaid:

Amerigroup, "Amerigroup Texas," <https://www.myamerigroup.com/tx/home.html> (accessed June 23, 2023)

### For more information on Superior HealthPlan, Inc. in Texas Medicaid:

Superior, "Medicaid & CHIP Plans," <https://www.superiorhealthplan.com/members/medicaid.html> (accessed June 23, 2023)

### For more information on Texas Children's Health Plan, Inc.:

Homepage, Texas Children's Health Plan, <https://www.texaschildrenshealthplan.org/> (accessed June 23, 2023)

### For more information on UnitedHealthcare Insurance Company, Inc.:

Homepage, UnitedHealthcare, <https://www.uhc.com/about-us> (accessed June 12, 2023)

## Appendix F: Report Team and Distribution

### Report Team

OIG staff members who contributed to this audit report include:

- Anton Dutchover, CPA, Deputy Inspector General of Audit and Inspections
- Ryan Belcik, CISA, Audit Director
- Sarah Cason, CISA, CIA, Audit Project Manager
- Julia Youssefnia, CPA, Senior Auditor
- Courtlin Burke, Staff Auditor
- Lexi Gonzalez, Associate Auditor
- James Hicks, CISA, Quality Assurance Reviewer
- Ashley Rains, CPE, CFE, Senior Audit Operations Analyst

### Report Distribution

#### Health and Human Services

- Cecile Erwin Young, Executive Commissioner
- Kate Hendrix, Chief of Staff
- Maurice McCreary, Jr., Chief Operating Officer
- Jordan Dixon, Chief Policy and Regulatory Officer
- Karen Ray, Chief Counsel
- Michelle Alletto, Chief Program and Services Officer
- Nicole Guerrero, Chief Audit Executive
- Emily Zalkovsky, Chief Medicaid and CHIP Services Officer
- Shannon Kelley, Deputy Executive Commissioner for Managed Care, Medicaid and CHIP Services

- Dana L. Collins, Deputy Executive Commissioner for Operations, Medicaid and CHIP Services
- Stephen Pahl, Deputy Executive Commissioner for Regulatory Services
- Michelle Dionne-Vahalik, Associate Commissioner, Long Term Care Regulation

#### **Lauve's Pediatric Extended Care**

- Crystal Lauve, Owner
- Cindy Rogers, Administrator and Director of Nurses in Longview, Texas
- Andreeka Carter, Office Assistant

## Appendix G: OIG Mission, Leadership, and Contact Information

The mission of 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
- Kacy J. VerColen, Chief of Audit and Inspections
- Diane Salisbury, Chief of Data Reviews
- Susan Biles, Chief of Staff, Chief of Policy and Performance
- Erik Cary, Chief Counsel
- Matt Chaplin, Chief of Operations
- Steve Johnson, Chief of Investigations and Utilization Reviews

### To Obtain Copies of OIG Reports

- OIG website: [ReportTexasFraud.com](https://www.reporttexasfraud.com)

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

- Online: <https://oig.hhs.texas.gov/report-fraud-waste-or-abuse>
- Phone: 1-800-436-6184

### To Contact OIG

- Email: [OIGCommunications@hhs.texas.gov](mailto:OIGCommunications@hhs.texas.gov)
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Office of Inspector General  
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