Commonwealth of Massachusetts
Office of the State Auditor
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Making government work better

Issued March 11, 2021

Office of the State Auditor—Annual Report
Medicaid Audit Unit

For the period March 15, 2020 through March 12, 2021

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OFFICE OF THE STATE AUDITOR

MEDICAID AUDIT UNIT

March 15, 2020 through March 12, 2021

Introduction

The Office of the State Auditor (OSA) receives an annual appropriation for the operation of a Medicaid Audit Unit (the Unit) for the purposes of preventing and identifying fraud, waste, and abuse in the MassHealth system and making recommendations for improved operations. The state's fiscal year 2021 budget (Chapter 227 of the Acts of 2020) requires that OSA submit a report to the House and Senate Committees on Ways and Means by no later than March 12, 2021 that includes (1) "all findings on activities and payments made through the MassHealth system;" (2) "to the extent available, a review of all post-audit efforts undertaken by MassHealth to recoup payments owed to the commonwealth due to identified fraud and abuse;" (3) "the responses of MassHealth to the most recent post-audit review survey, including the status of recoupment efforts;" and (4) "the unit's recommendations to enhance recoupment efforts."

For fiscal year 2021, the appropriation for the Unit was $1,274,449. This amount represents an approximately 3% increase over the Unit's fiscal year 2019 appropriation of $1,234,674. OSA submits all costs (direct and indirect) associated with running the Unit to the Executive Office of Health and Human Services (EOHHS) to be included in its in quarterly filings with the Centers for Medicare & Medicaid Services for federal cost sharing. In federal fiscal year[1] 2020, OSA submitted a total of $1,155,719 to EOHHS for consideration for the state's program integrity, allowing the state to obtain a 50%, or $577,860, reimbursement of these costs.

This report, which is being submitted by OSA in accordance with the requirements of Chapter 227, provides summaries of four performance audits of MassHealth enrollment centers, involving the following:

- proper verification of the income of MassHealth walk-in applicants
- revocation of benefits from MassHealth members who were found not to be financially eligible for services

It also provides summaries of six MassHealth provider audits involving the following:

1. The 2020 federal fiscal year is October 1, 2019 through September 30, 2020.

- adult foster care (AFC) providers (four audits)
- group adult foster care providers (two audits)

This report details findings that identified potential missed opportunities for $1,060,470 of cost savings in the administration of the AFC Program, as well as $1,155,719 of improper payments to eldercare service organizations providing unauthorized services. The report also describes corrective actions MassHealth is taking as a result of six audits whose findings were issued at least six months ago for which follow-up surveys have been completed and MassHealth has taken actions, including recouping funds. MassHealth and our other auditees reported action or planned action on six (75%) of our eight audit recommendations, which will improve operational efficiency and effectiveness.

Background

EOHHS administers the state's Medicaid program, known as MassHealth, which provides access to healthcare services annually to approximately 1.9 million eligible low- and moderate-income children, families, seniors, and people with disabilities. In fiscal year 2020, MassHealth paid more than $17 billion to healthcare providers, of which approximately 50% was Commonwealth funds. Expenditures, including administration costs, for the Medicaid program represent approximately 36% of the Commonwealth's total annual budget.

Heightened concerns over the integrity of Medicaid expenditures were raised in January 2003, when the US Government Accountability Office (GAO) placed the US Medicaid program on its list of government programs that are at "high risk" of fraud, waste, abuse, and mismanagement. At that time, GAO estimated that between 3% and 10% of total healthcare costs were lost to fraudulent or abusive practices by unscrupulous healthcare providers. Based on these concerns, OSA began conducting audits of Medicaid-funded programs and, as part of its fiscal year 2007 budget proposal, submitted a request to establish a Medicaid Audit Unit within its Division of Audit Operations dedicated to detecting fraud, waste, and abuse in the MassHealth program. With the support of the state Legislature and the Governor, this proposal was acted upon favorably and has continued in subsequent budgets. Since that time, OSA has maintained ongoing independent oversight of the MassHealth program and its contracted service providers. Audit reports issued by OSA have continued to identify weaknesses in MassHealth's controls to prevent and detect fraud, waste, abuse, and mismanagement in the Massachusetts Medicaid program as well as improper claims for Medicaid services.

OSA uses data analytics in all audits conducted by the Unit. By so doing, our auditors can identify areas of high risk, isolate outlier providers, and in many cases perform reviews of 100% of the claims under audit, thus significantly improving the efficiency and effectiveness of our audits. Moreover, in many cases, data analytics has enabled the Unit to fully quantify the financial effects of improper payments, whether they involve 1 claim or 10 million. The use of data-analytics techniques has enabled the Unit to (1) identify greater cost recoveries and savings, (2) isolate weaknesses in MassHealth's claim-processing system, and (3) make meaningful recommendations regarding MassHealth's system and program regulations to promote future cost savings, improve service delivery, and make government work better.

COMPLETED AUDITS

(March 15, 2020 through March 12, 2021)

During this reporting period, the Office of the State Auditor (OSA) released 10 audit reports on selected Medicaid service providers' compliance with state and federal laws, regulations, and other applicable authoritative guidance. These reports identified $1,155,719 in improper payments to eldercare organizations providing unauthorized services, as well as potential cost savings totaling $1,060,470 in the administration of the Adult Foster Care (AFC) Program. The reports also made a number of recommendations to strengthen internal controls and oversight in MassHealth's program administration. The following is a summary of our Medicaid audit work.

1. Office of Medicaid (MassHealth)—Review of Claims Paid for Services by Old Colony Elder Services

Audit Number	2020-1374-3M2B
Audit Period	January 1, 2016 through December 31, 2018
Issue Date	June 29, 2020
Number of Findings	1
Number of Recommendations	1
Total Improper Billings	N/A—Operational Issues Identified
MassHealth Recouping Payments	N/A

Background/Reason for Audit

OSA's Bureau of Special Investigations (BSI) had identified what appeared to be numerous instances of simultaneous billings of AFC and home care services, contrary to MassHealth regulations. Old Colony Elder Services (OCES) was one of the agencies with the most instances of these potentially improper billings.

Summary of Finding and Recommendation

OSA reported one finding in this audit:

1. OCES did not submit required annual prior authorizations (determinations of MassHealth members' clinical eligibility to receive AFC) for AFC it provided to MassHealth members. Specifically, for 40 of 208 MassHealth members who received AFC, OCES did not submit 55 (58%) of 95 required annual prior authorizations.

Our recommendation to OCES to address this problem was as follows:

1. OCES should obtain annual prior authorizations from MassHealth for its members who are receiving AFC.

The Executive Office of Health and Human Services' Comments on Behalf of MassHealth: Implementation of Recommendation

On MassHealth's behalf, the Executive Office of Health and Human Services (EOHHS) responded,

> *EOHHS agrees with the OSA that OCES should submit annual prior authorizations. EOHHS plans to conduct an audit of OCES to determine compliance with the prior authorization requirement for MassHealth-covered AFC.*

2. Office of Medicaid (MassHealth)—Review of Claims Paid for Services by Somerville-Cambridge Elder Services

Audit Number	2020-1374-3M2C
Audit Period	January 1, 2016 through December 31, 2018
Issue Date	June 29, 2020
Number of Findings	1
Number of Recommendations	1
Total Improper Billings	N/A—Operational Issues Identified
MassHealth Recouping Payments	N/A

Background/Reason for Audit

BSI had identified what appeared to be numerous instances of simultaneous billings of AFC and home care services, contrary to MassHealth regulations. Somerville-Cambridge Elder Services (SCES) was one of the agencies with the most instances of these potentially improper billings.

Summary of Finding and Recommendation

OSA reported one finding in this audit:

1. SCES did not submit required annual prior authorizations for AFC it provided to MassHealth members. Specifically, for 45 of 287 MassHealth members who received AFC, SCES did not submit 48 (53%) of 90 required annual prior authorizations.

Our recommendation to SCES to address this problem was as follows:

1. SCES should obtain annual prior authorizations from MassHealth for its members who are receiving AFC.

EOHHS's Comments on Behalf of MassHealth: Implementation of Recommendation

EOHHS responded,

> *EOHHS agrees with the OSA that SCES should submit annual prior authorizations. EOHHS plans to conduct an audit of SCES to determine compliance with the prior authorization requirement for MassHealth-covered AFC.*

3. Office of Medicaid (MassHealth)—Review of Claims Paid for Services by Boston Senior Home Care

Audit Number	2020-1374-3M2E
Audit Period	January 1, 2016 through December 31, 2018
Issue Date	July 20, 2020
Number of Findings	1
Number of Recommendations	1
Total Improper Billings	N/A—Operational Issues Identified
MassHealth Recouping Payments	N/A

Background/Reason for Audit

BSI had identified what appeared to be numerous instances of simultaneous billings of AFC and home care services, contrary to MassHealth regulations. Boston Senior Home Care (BSHC) was one of the agencies with the most instances of these potentially improper billings.

Summary of Finding and Recommendation

OSA reported one finding in this audit:

1. BSHC did not submit required annual prior authorizations for AFC it provided to MassHealth members. Specifically, for 40 of 107 MassHealth members who received AFC, BSHC did not submit 46 (53%) of 86 required annual prior authorizations.

Our recommendation to BSHC to address this problem was as follows:

1. BSHC should obtain annual prior authorizations from MassHealth for its members who are receiving AFC.

EOHHS's Comments on Behalf of MassHealth: Implementation of Recommendation

EOHHS responded,

> *EOHHS agrees with the OSA that BSHC should submit annual prior authorizations. EOHHS plans to conduct an audit of BSHC to determine compliance with the prior authorization requirement for MassHealth-covered AFC.*

4. Office of Medicaid (MassHealth)—Review of Claims Paid for Services by WestMass ElderCare, Inc.

Audit Number	2020-1374-3M2E
Audit Period	January 1, 2016 through December 31, 2018
Issue Date	July 20, 2020
Number of Findings	1
Number of Recommendations	1
Total Improper Billings	N/A—Operational Issues Identified
MassHealth Recouping Payments	N/A

Reason for Audit

BSI identified what appeared to be numerous instances of simultaneous billings of AFC and home care services, contrary to MassHealth regulations. WestMass ElderCare, Inc. (WMEC) was one of the agencies with the most instances of these potentially improper billings.

Summary of Finding and Recommendation

OSA reported one finding in this audit:

1. WMEC did not submit required annual prior authorizations for AFC it provided to MassHealth members. Specifically, for 45 of 392 MassHealth members who received AFC, WMEC did not submit 63 (57%) of 110 required annual prior authorizations.

Our recommendation to WMEC to address this problem was as follows:

1. WMEC should obtain annual prior authorizations from MassHealth for its members who are receiving AFC.

EOHHS's Comments on Behalf of MassHealth: Implementation of Recommendation

EOHHS responded,

> *EOHHS agrees with the OSA that WMEC should submit annual prior authorizations. EOHHS plans to conduct an audit of WMEC to determine compliance with the prior authorization requirement for MassHealth-covered AFC.*

5. Office of Medicaid (MassHealth)—Review of Claims Paid for Services by Beyond Healthcare Agency, LLC

Audit Number	2020-1374-3M2E
Audit Period	January 1, 2016 through December 31, 2018
Issue Date	July 20, 2020
Number of Findings	1
Number of Recommendations	2
Total Improper Billings	$887,225
MassHealth Recouping Payments	Yes

Reason for Audit

BSI identified what appeared to be numerous instances of simultaneous billings of AFC and home care services, contrary to MassHealth regulations. Beyond Healthcare Agency, LLC was one of the agencies with the most instances of these potentially improper billings.

Summary of Finding and Recommendations

OSA reported one finding in this audit:

1. Beyond Healthcare Agency billed, and received payments for, group adult foster care (GAFC) services that appear to be unallowable. These services included home health services, such as personal care and assistance with hygiene, bathing, dressing, walking, and medication, that Beyond Healthcare Agency had already provided to members in their homes on the same day under the Home Health Services Program also funded by MassHealth.

Our recommendations to Beyond Healthcare Agency to address this problem were as follows:

1. Beyond Healthcare Agency should ensure that it does not bill MassHealth for unallowable GAFC services.
2. Beyond Healthcare Agency should work with MassHealth to determine the amount Beyond Healthcare Agency was overpaid for GAFC, and MassHealth should recoup that amount.

EOHHS's Comments on Behalf of MassHealth: Implementation of Recommendations

EOHHS responded,

> *The Executive Office of Health and Human Services agrees with the OSA that Beyond Healthcare should ensure that it does not bill MassHealth for duplicative services. The Executive Office of Health and Human Services plans to conduct an audit of Beyond Healthcare to determine compliance with requirements to not bill for duplicative services.*

6. Office of Medicaid (MassHealth)—Review of Claims Paid for Services by City Home Care, LLC

Audit Number	2020-1374-3M2E
Audit Period	January 1, 2016 through December 31, 2018
Issue Date	July 20, 2020
Number of Findings	1
Number of Recommendations	2
Total Improper Billings	$268,494
MassHealth Recouping Payments	Yes

Reason for Audit

BSI identified what appeared to be numerous instances of simultaneous billings of AFC and home care services, contrary to MassHealth regulations. City Home Care, LLC was one of the agencies that had the most instances of these potentially improper billings.

Summary of Finding and Recommendations

OSA reported one finding in this audit:

1. City Home Care billed, and received payments for, GAFC services that appear to be unallowable. These services included home health services, such as personal care and assistance with hygiene, bathing, dressing, walking, and medication, that City Home Care had already provided to members in their homes on the same day under the Home Health Services Program also funded by MassHealth.

Our recommendations to City Home Care to address this problem were as follows:

1. City Home Care should ensure that it does not bill MassHealth for unallowable GAFC services.
2. City Home Care should work with MassHealth to determine the amount City Home Care was overpaid for GAFC, and MassHealth should recoup that amount.

EOHHS's Comments on Behalf of MassHealth: Implementation of Recommendations

EOHHS responded,

> *The Executive Office of Health and Human Services agrees with the Office of the State Auditor that City Home Care should ensure that it does not bill MassHealth for duplicative services. The Executive Office of Health and Human Services plans to conduct an audit of City Home Care to determine compliance with requirements to not bill for duplicative services.*

7. Office of Medicaid (MassHealth)—A Review of MassHealth Member Eligibility at the Tewksbury Enrollment Center

Audit Number	2018-1374-3M6
Audit Period	January 1, 2017 through December 31, 2018
Issue Date	October 9, 2020
Number of Findings	0
Number of Recommendations	0
Total Improper Billings	N/A
MassHealth Recouping Payments	N/A

Reason for Audit

In its 2016 Comprehensive Annual Financial Report (CAFR) on the Commonwealth, the audit firm KPMG found issues related to MassHealth's eligibility offices:

1. Finding 2016-011: KPMG found a problem where too many users of the MA-21 system had administrative access allowing them to access more functionality and bypass controls.
2. Finding 2016-041: KPMG found that MassHealth did not investigate exception reports for members who did not appear to be eligible or were no longer eligible (e.g., those whose dates of death were before the eligibility start and end dates).
3. Finding 2016-048: KPMG found that enrollment center managers did not use exception reports to manage eligibility processes and ensure that employees were redirected.

8. Office of Medicaid (MassHealth)—A Review of MassHealth Member Eligibility at the Chelsea Enrollment Center

Audit Number	2018-1374-3M7
Audit Period	January 1, 2017 through December 31, 2018
Issue Date	October 9, 2020
Number of Findings	0
Number of Recommendations	0
Total Improper Billings	N/A
MassHealth Recouping Payments	N/A

Reason for Audit

In its 2016 CAFR on the Commonwealth, KPMG found issues related to MassHealth's eligibility offices:

1. Finding 2016-011: KPMG found a problem where too many users of MA-21 had administrative access allowing them to access more functionality and bypass controls.
2. Finding 2016-041: KPMG found that MassHealth did not investigate exception reports for members who did not appear to be eligible or were no longer eligible (e.g., those whose dates of death were before the eligibility start and end dates).
3. Finding 2016-048: KPMG found that enrollment center managers did not use exception reports to manage eligibility processes and ensure that staff members were redirected.

9. Office of Medicaid (MassHealth)—A Review of MassHealth Member Eligibility at the Taunton Enrollment Center

Audit Number	2018-1374-3M8
Audit Period	January 1, 2017 through December 31, 2018
Issue Date	October 9, 2020
Number of Findings	0
Number of Recommendations	0
Total Improper Billings	N/A
MassHealth Recouping Payments	N/A

Reason for Audit

In its 2016 CAFR on the Commonwealth, KPMG found issues related to MassHealth's eligibility offices:

1. Finding 2016-011: KPMG found a problem where too many users of MA-21 had administrative access allowing them to access more functionality and bypass controls.

2. Finding 2016-041: KPMG found that MassHealth did not investigate exception reports for members who did not appear to be eligible or were no longer eligible (e.g., those whose dates of death were before the eligibility start and end dates).

3. Finding 2016-048: KPMG found that enrollment center managers did not use exception reports to manage eligibility processes and ensure that staff members were redirected.

10. Office of Medicaid (MassHealth)—A Review of MassHealth Member Eligibility at the Springfield Enrollment Center

Audit Number	2018-1374-3M9
Audit Period	January 1, 2017 through December 31, 2018
Issue Date	October 9, 2020
Number of Findings	0
Number of Recommendations	0
Total Improper Billings	N/A
MassHealth Recouping Payments	N/A

Reason for Audit

In its 2016 CAFR on the Commonwealth, KPMG found issues related to MassHealth's eligibility offices:

1. Finding 2016-011: KPMG found a problem where too many users of MA-21 had administrative access allowing them to access more functionality and bypass controls.

2. Finding 2016-041: KPMG found that MassHealth did not investigate exception reports for members who did not appear to be eligible or were no longer eligible (e.g., those whose dates of death were before the eligibility start and end dates).

3. Finding 2016-048: KPMG found that enrollment center managers did not use exception reports to manage eligibility processes and ensure that staff members were redirected.

CURRENT INITIATIVES

During this reporting period, the Office of the State Auditor (OSA) began or continued work on four audits of MassHealth's administration of the Medicaid program and of Medicaid service providers' compliance with state and federal laws, regulations, and other authoritative guidance. These audits were selected based on our research and applied data analysis to identify areas of risk in the state's Medicaid program. We anticipate that the audits will identify a significant number of improper payments as well as deficiencies in MassHealth's administration of program services. When applicable, the audits will include recommendations to strengthen internal controls and oversight in MassHealth's program administration. The following is a summary of our Medicaid audit work in process.

- OSA is working with the US Department of Health and Human Services and Office of Inspector General (Boston office) on a review of claims paid for members with both Medicaid and Medicare eligibility (referred to as dual-eligible members) for the period January 1, 2017 through December 31, 2018. We will determine whether MassHealth inappropriately paid for healthcare expenses for members, through Medicaid, that should have been covered by Medicare or hospice providers. As applicable, we will identify the reasons this occurred and make recommendations to resolve these problems.

- OSA is conducting a review of MassHealth's real estate recovery efforts for the period July 1, 2016 through December 31, 2018. This audit will determine whether MassHealth properly seeks reimbursement for expenditures it has made on behalf of long-term-care recipients who have assets, typically real estate. We will determine whether MassHealth places liens on these assets and seeks reimbursement through probate upon members' deaths in accordance with state regulations.

- OSA will conduct a review of MassHealth's telehealth services for the period July 1, 2019 through June 30, 2021. This audit will determine whether MassHealth ensures the program integrity of its telehealth services, in accordance with federal and state requirements, after the rapid implementation necessitated by COVID-19.

- OSA will assess MassHealth's oversight of the quality of services in nursing homes for the period July 1, 2019 through June 30, 2021. The specific areas of our review will include the reporting of abuse of elders, implementation of COVID-19 procedures, inspections and implementation of corrective measures, and provision of healthcare services (e.g., eye care or dental care).

AUDIT IMPACT AND POST-AUDIT EFFORTS

The objectives of the performance audits conducted by the Office of the State Auditor (OSA) at MassHealth and its providers are not only to identify improper payments for Medicaid services, but also to identify and resolve any systemic problems such as deficiencies in internal controls that may exist within the MassHealth system. Consequently, while measures such as referring cases to law enforcement for prosecution, recommending restitution, and taking other remedial actions against individual Medicaid vendors are typical results of OSA audits and serve as a deterrent, the systemic changes made by MassHealth as a result of OSA audits, in many instances, have a more significant effect on the overall efficiency of the operation of Medicaid-funded programs.

To assess the impact of our audits and the post-audit efforts made by auditees to address issues raised in our reports, OSA has implemented a post-audit review (PAR) survey process that is conducted six months after the release of an audit. This process documents the status of the recommendations made by OSA, including any corrective measures taken by the auditee as well as any estimates of future cost savings resulting from changes made based on our recommendations.

During the reporting period, OSA issued, and agencies completed, six PARs for Medicaid audits. This number reflects audits with findings issued at least six months ago for which follow-up surveys have been completed. The self-reported surveys are issued six months after an audit is issued to allow management time to plan and implement its corrective action/s. Because the voluntary surveys are sent to MassHealth six months after the audit ends, not all of the audits conducted from March 15, 2020 through March 12, 2021 are included in this section of the report, as those surveys have not been completed yet.

According to the survey results received, MassHealth and its providers reported that it has acted, or will act, on implementing six of eight recommendations. Summaries of the audit surveys follow.

1. Office of Medicaid (MassHealth)—Review of Claims Paid for Pharmacy Drugs

Audit No.	2018-1374-3M1
Issue Date	August 29, 2019
PAR Survey Date	February 27, 2020
Total Recommendations	1
Fully Implemented Recommendations	1
Recommendations in Progress	N/A
Fiscal Benefit	Cost Savings

Findings from the audit of MassHealth's paid claims for pharmacy drugs revealed that MassHealth improperly paid 25,144 pharmacy drug claims, totaling $982,535. Specifically, MassHealth paid pharmacies the following amounts:

- $300,863 for 4,332 prescription drug refills that exceeded the number of refills authorized by prescribers
- $526,229 for 5,649 refills of emergency (i.e., non-refillable) prescriptions
- $155,443 for 15,163 over-the-counter drug fills supplied to members living in institutional settings.

In its PAR survey, MassHealth stated that it had fully implemented our recommendation. Regarding system changes, the agency stated,

> *Claims flagged for "incorrect fill numbers" were set to deny beginning [October 24, 2017] and claims flagged for "inconsistent authorized refill numbers" were set to deny beginning [May 29, 2018]. Similarly, claims where an emergency override is attempted more than once on the same prescription number were set to deny beginning [February 5, 2019]. MassHealth intends to send overpayment notices to pharmacy providers who received payment for claims that were submitted with an emergency override code more than once for the same prescription number when the State of Emergency the Governor has declared has been lifted.*
>
> *MassHealth has enhanced [its] system capabilities to better prevent improper claims for over-the-counter drugs provided to institutionalized members. Certain drug [National Drug Codes] were coded such that claims for these drugs for members in long-term care were set to deny beginning [December 14, 2017].*

2. Office of Medicaid (MassHealth)—Review of Claims Paid for Day Habilitation Services Provided by United Cerebral Palsy

Audit No.	2019-1374-3M1
Issue Date	September 19, 2019
PAR Survey Date	May 28, 2020
Total Recommendations	2*
Fully Implemented Recommendations	1
Recommendations in Progress	N/A
Fiscal Benefit	N/A

* United Cerebral Palsy disputed one recommendation.

The audit of claims paid for day habilitation services provided by United Cerebral Palsy (UCP) revealed that it did not obtain physician or primary care clinician authorizations to support payments for day habilitation services provided to six MassHealth members.

MassHealth stated that it agreed with our recommendations and would conduct its own audit of UCP. However, in its PAR survey, UCP stated, "UCP disputes that its policies and procedures were inadequate or non-compliant with applicable rules and regulations during the audit period." UCP denied that it failed to obtain the required prior authorizations. UCP also stated that it had "reviewed its policies and procedures to ensure that they are compliant with current rules and regulations" to the best of its knowledge.

3. Office of Medicaid (MassHealth)—Review of Claims Submitted by Dr. Frederick Wagner Jr.

Audit No.	2018-1374-3M11
Issue Date	September 24, 2019
PAR Survey Date	May 28, 2020
Total Recommendations	1*
Fully Implemented Recommendations	N/A
Recommendations in Progress	N/A
Fiscal Benefit	N/A

* MassHealth disputed one recommendation.

Findings from the audit of claims submitted to MassHealth by Dr. Frederick Wagner Jr. revealed that Dr. Wagner had inadequate documentation to support at least $301,936 in vision care claims and had submitted improper claims for eyeglass dispensing and fitting services totaling $8,176.

MassHealth did not agree with the recommendation to pay a per-facility-per-day rate. In its PAR survey, MassHealth stated,

> *Prior to 2007, MassHealth paid once per nursing facility per day, and in 2007 MassHealth changed its methodology to a per-member per-day rate. The reason for the change was in fact to enhance program integrity because MassHealth's [Medicaid Management Information System, or MMIS] cannot enforce a per-facility-per-day methodology, but it can enforce a per-member-per-day methodology and includes edits to ensure that this limit is not exceeded. If MassHealth were to revert to the old methodology, it would have to address operational and systems challenges that may carry significant additional cost. Therefore, MassHealth does not concur that it would be more cost-effective to pay a per-facility-per-day rate.*

4. Office of Medicaid (MassHealth)—Review of Accounts Receivable

Audit No.	2018-1374-3M3
Issue Date	October 18, 2019
PAR Survey Date	May 29, 2020
Total Recommendations	1
Fully Implemented Recommendations	0
Recommendations in Progress	1
Fiscal Benefit	N/A

Findings from the audit of MassHealth's accounts receivable revealed that MassHealth did not effectively administer its uncollectible accounts receivable balances. Specifically, it did not write off uncollectible amounts from its accounts receivable balances even though there were thousands of accounts receivable that were at least 2, and sometimes more than 10, years old and were therefore unlikely to be collected.

Based on our recommendation, MassHealth stated in its PAR survey that it was "actively working to develop policies and procedures to determine when to write off uncollectible accounts receivable." According to its PAR survey, it has taken the following steps while creating a write-off policy:

- *[MassHealth officials] met with the Office of the Comptroller to inform them of the audit finding and to discuss best practices for writing off uncollectible accounts receivable.*

- *[MassHealth] created a collection worksheet which reviews each step of the collection process. The worksheet utilizes all available collection tools and will be used to ensure all collection opportunities have been exhausted prior to submitting an accounts receivable for write off.*

- *[MassHealth] created the MMIS write off reason codes, which went into Production on [November 13, 2019].*

- *[MassHealth] worked with its MMIS vendor, DXC, to create a weekly write off report that cumulatively lists all MMIS write offs. This report will be used to confirm that overdue receivables that have met the write off criteria have been written off. Additionally, the report was designed so that it can be used by MassHealth credentialing in the event a MassHealth Provider with a previously written off accounts receivable tries to re-enroll in the program. The write off report was tested and enhanced with the final version going into Production on [May 15, 2020].*

- *On February 21, 2020, [MassHealth] posted a "Collections Specialist" position within the MassHealth Accounts Receivable Unit. The incumbent of this position will take the primary role in reviewing aged accounts receivable to ensure all collection avenues are pursued and uncollectible accounts receivables are written off timely. [MassHealth] reviewed resumes and [has] a list of potential candidates; however, [it has not] yet held interviews due to the pandemic. [It is] monitoring the situation and will review the need for virtual interviews as well as the need to repost the position.*

5. Office of Medicaid (MassHealth)—Review of Claims Paid for Services by ActiveLife Adult Day Care, Inc.

Audit No.	2016-1374-3M10A
Issue Date	November 14, 2019
PAR Survey Date	June 1, 2020
Total Recommendations	2
Fully Implemented Recommendations	1
Recommendations in Progress	1
Fiscal Benefit	N/A

The audit of ActiveLife Adult Day Care, Inc. revealed that ActiveLife did not obtain a physician order for $34,137 of services for one MassHealth member.

MassHealth agreed with our recommendations and completed its own audit of ActiveLife. In its PAR, ActiveLife stated that it was still awaiting that audit's report and findings; however, it had taken action to ensure that it had the physician order in question. Further, ActiveLife noted that it spoke to "the referring doctor to get the original document from her office for the client in question" and obtained a new physician order.

6. Office of Medicaid (MassHealth)—Review of Claims Paid for Services by Old Colony Elder Services

Audit No.	2020-1374-3M2B
Issue Date	June 29, 2020
PAR Survey Date	December 22, 2020
Total Recommendations	1
Fully Implemented Recommendations	1
Recommendations in Progress	0
Fiscal Benefit	N/A

The audit of Old Colony Elder Services (OCES) found that OCES provided adult foster care (AFC) to MassHealth members without submitting annual prior authorizations.

In its PAR survey, OCES stated,

> *During the period of May 5, 2017 through December 31, 2018, we were unable to submit Prior Authorizations (PA) on the [Long-Term Services and Supports, or LTSS] Provider Portal. The Portal was implemented by MassHealth on April 16, 2019 and we immediately started submitting [prior authorizations] as required in the regulations. We have continued this practice and will do so going forward to maintain compliance with the Adult Family Care Regulations.*

7. Office of Medicaid (MassHealth)—Review of Claims Paid for Services by Somerville-Cambridge Elder Services

Audit No.	2018-1374-3M2C
Issue Date	June 29, 2020
PAR Survey Date	December 22, 2020
Total Recommendations	1
Fully Implemented Recommendations	1
Recommendations in Progress	0
Fiscal Benefit	N/A

The audit of Somerville-Cambridge Elder Services (SCES) found that SCES provided AFC to MassHealth members without submitting annual prior authorizations.

In its PAR survey, SCES stated, “For the period January 1st, 2016 through December 31st, 2018, Approval for the AFC Program was done through [prior management] Coastline Elder Services, Inc.” SCES also

noted, "As of April 2019—The Prior Authorization system was implemented. All AFC [prior authorizations] are current."

8. Office of Medicaid (MassHealth)—Review of Claims Paid for Services by WestMass ElderCare, Inc.

Audit No.	2020-1374-3M6
Issue Date	July 21, 2020
PAR Survey Date	January 29, 2021
Total Recommendations	1
Fully Implemented Recommendations	1
Recommendations in Progress	0
Fiscal Benefit	N/A

The audit of WestMass ElderCare, Inc. (WMEC) found that WMEC provided AFC to MassHealth members without submitting annual prior authorizations.

In its PAR survey, WMEC stated,

> *During the period of May 5, 2017 and April 16, 2019, [WMEC] was not able to submit Prior Authorizations via the LTSS Provider Portal. . . . MassHealth instructed all AFC Providers to begin using the LTSS Portal to submit requests for prior authorizations effective April 16, 2019. WMEC's AFC program has continued to submit Prior Authorizations via the LTSS Provider Portal and will continue to follow this submission method.*

9. Office of Medicaid (MassHealth)—Review of Claims Paid for Services by Boston Senior Home Care

Audit No.	2018-1374-3M2E
Issue Date	July 20, 2020
PAR Survey Date	January 29, 2021
Total Recommendations	1
Fully Implemented Recommendations	1
Recommendations in Progress	0
Fiscal Benefit	N/A

The audit of Boston Senior Home Care (BSHC) found that BSHC provided AFC to MassHealth members without submitting annual prior authorizations.

In its PAR survey, BSHC stated,

> *BSHC AFC staff participated in the Prior Authorization (PAs) portal trainings conducted by MassHealth, and we have been submitting annual PAs via the on line portal since April 16, 2019. To ensure ongoing compliance with MassHealth requirements, we created standard operating procedures for annual PA submissions, as well as a process to track approved prior authorization periods for all AFC MassHealth members.*