

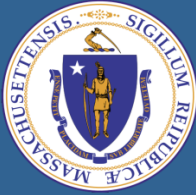
Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Official Audit Report – November 14, 2019

Office of Medicaid (MassHealth)—Review of Claims
Paid for Services by ActiveLife Adult Day Care, Inc.
For the period January 1, 2016 through December 31, 2017





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

November 14, 2019

Ms. Hansaben A. Patel, President
ActiveLife Adult Day Care, Inc.
17 Darrin Road
Dracut, MA 02826

Dear Ms. Patel:

I am pleased to provide this performance audit of ActiveLife Adult Day Care, Inc. This report details the audit objectives, scope, methodology, finding, and recommendation for the audit period, January 1, 2016 through December 31, 2017. My audit staff discussed the contents of this report with management of the agency, whose comments are reflected in this report.

I would also like to express my appreciation to ActiveLife Adult Day Care, Inc. for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written over a light blue circular background.

Suzanne M. Bump
Auditor of the Commonwealth

cc: Marylou Sudders, Secretary, Executive Office of Health and Human Services
Daniel Tsai, Assistant Secretary and Director, Office of Medicaid
Alda Rego, Assistant Secretary for Administration and Finance, Executive Office of Health and Human Services
Susan Harrison, Director of Program Integrity, Office of Medicaid
Joan Senatore, Director of Compliance, Office of Medicaid
Teresa Reynolds, Executive Assistant to Secretary Sudders

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LIST OF ABBREVIATIONS

ACO	accountable care organization
ADH	adult day health
ASAP	Aging Services Access Point
MMIS	Medicaid Management Information System
OSA	Office of the State Auditor
SCO	senior care organization

EXECUTIVE SUMMARY

The Office of the State Auditor (OSA) receives an annual appropriation for the operation of a Medicaid Audit Unit to help prevent and identify fraud, waste, and abuse in the Commonwealth's Medicaid program. This program, known as MassHealth, is administered under Chapter 118E of the Massachusetts General Laws by the Executive Office of Health and Human Services, through the Division of Medical Assistance. Medicaid is a joint federal-state program created by Congress in 1965 as Title XIX of the Social Security Act. At the federal level, the Centers for Medicare & Medicaid Services, within the US Department of Health and Human Services, administer the Medicare program and work with state governments to administer state Medicaid programs.

OSA has conducted an audit of MassHealth claims for adult day health (ADH) services paid to ActiveLife Adult Day Care, Inc. for the period January 1, 2016 through December 31, 2017. During this period, MassHealth paid ActiveLife approximately \$2,365,604 to provide ADH services for 108 MassHealth members. The purpose of this audit was to determine whether ActiveLife properly billed for ADH services provided to MassHealth members during our audit period.

The audit was conducted as part of OSA's ongoing independent statutory oversight of the state's Medicaid program. Our previously issued audit reports have disclosed weaknesses in MassHealth's claim-processing system and improper billing practices by MassHealth providers, which resulted in millions of dollars in potentially improper claim payments. As with any government program, public confidence is essential to the success and continued support of the state's Medicaid program.

Below is a summary of our findings and recommendations, with links to each page listed.

Finding 1 Page 7	ActiveLife did not obtain a physician order for \$34,137 of services for one MassHealth member.
Recommendations Page 7	<ol style="list-style-type: none">1. ActiveLife should collaborate with MassHealth to determine how much of the \$34,137 discussed in this finding should be repaid.2. ActiveLife should develop policies and procedures to ensure that completed and authorized physician orders are in place before it provides ADH services to MassHealth members.

OVERVIEW OF AUDITED ENTITY

Under Chapter 118E of the Massachusetts General Laws, the Executive Office of Health and Human Services, through the Division of Medical Assistance, administers the state's Medicaid program, known as MassHealth. MassHealth provides access to healthcare services for approximately 1.9 million low- and moderate-income children, families, seniors, and people with disabilities annually. In fiscal year 2017, MassHealth paid healthcare providers more than \$15 billion, of which approximately 50% was funded by the Commonwealth. Medicaid expenditures represented approximately 39% of the Commonwealth's total fiscal year 2017 budget of approximately \$39 billion.

ActiveLife Adult Day Care, Inc. in Dracut became a certified MassHealth adult day health (ADH) provider in 2014. Its website states, "We . . . thrive to make an exciting and harmonious society for seniors to make sure that they enjoy their day while receiving the utmost support and homely care they need."

MassHealth pays for ADH services provided to eligible MassHealth members. MassHealth paid ActiveLife \$2,365,604 for ADH services provided to MassHealth members during the audit period, as shown below.

MassHealth Payments Received by ActiveLife

Calendar Year	MassHealth Payments	Number of Claims	Members Served
2016	\$ 1,047,425	11,566	91
2017	1,318,179	13,728	97
Total	<u>\$ 2,365,604</u>	<u>25,294</u>	<u>108*</u>

* This is the unduplicated total number of members served.

ADH Services

MassHealth covers ADH services for eligible MassHealth members who need assistance with activities of daily living such as eating, toileting, bathing, walking, and taking medication. According to MassHealth regulations, to provide ADH services, an ADH provider must obtain documentation from the member's own physician that includes the following:

- written physician orders detailing the member's need for ADH services
- recent medical history
- results of a physical exam

- all medications and treatments prescribed
- special dietary needs
- any limitations the member may have in participating in ADH activities
- recommendations for therapy services, such as speech or physical therapy

The ADH provider uses this information to develop a member care plan that includes a treatment plan based on the member's physician orders.

Additionally, the ADH provider must obtain written clinical authorizations from MassHealth, approving the member to receive ADH services. The ADH provider must obtain both physician orders and MassHealth clinical authorizations before the member's first day of service.

According to the Massachusetts Adult Day Services Association website, there are approximately 149 ADH programs in the Commonwealth, many of which are certified by MassHealth to provide ADH services to its members. MassHealth-certified ADH providers bill MassHealth for ADH services either by the unit (in 15-minute increments) or for entire six-hour days. ADH providers bill for one of two levels of ADH care:

- basic care, paid at \$58.83 per day or \$2.45 per 15-minute interval
- complex care, paid at \$74.50 per day or \$3.10 per 15-minute interval

In addition, ADH providers can bill MassHealth for transporting members to and from their facilities according to the applicable rate schedules established by the state Executive Office of Health and Human Services. During the audit period, ActiveLife received \$17.50 per trip for transporting members to and from its facility.

Aging Services Access Points

Section 4B of Chapter 19A of the General Laws established Aging Services Access Points (ASAPs). According to the Executive Office of Elder Affairs' website, ASAPs are "private non-profit agencies with governing boards that serve and represent 51% of people age 60 and older." The Executive Office of Elder Affairs contracts with ASAPs to provide services by region for Massachusetts residents, including clinical assessments for MassHealth members seeking ADH services. These assessments are performed by ASAP nurses and represent independent clinical authorizations on behalf of MassHealth that verify MassHealth members' medical need for ADH services.

Upon completion of clinical assessments, ASAP nurses give ADH providers determination letters approving or denying members' ADH services. ADH providers cannot provide any ADH services to members until they receive these letters.

ASAPs also pay providers for services provided to MassHealth members enrolled in certain MassHealth plans, such as senior care organization and accountable care organization plans.

During our audit period, there were 26 ASAPs in the Commonwealth, and ActiveLife primarily used the services of the ASAP Elder Services of Merrimack Valley in Lawrence.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted a performance audit of certain activities of ActiveLife Adult Day Care, Inc. for the period January 1, 2016 through December 31, 2017.

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.

Below is our audit objective, indicating the question we intended our audit to answer, the conclusion we reached regarding the objective, and where the objective is discussed in this report.

Objective	Conclusion
1. Did ActiveLife properly bill for adult day health (ADH) medical services provided to MassHealth members?	No; see Finding <u>1</u>

We obtained claim data from MassHealth's Medicaid Management Information System (MMIS) for testing. These data contained information for both fee-for-service claims, which ADH centers bill directly to MassHealth, and encounter claims, which represent services provided by other MassHealth plans such as senior care organization (SCO) and accountable care organization (ACO) plans. To test the reliability of these data, we relied on the work performed by OSA in a separate project that tested certain information system controls in MMIS, which is maintained by the Executive Office of Health and Human Services. As part of the work performed in this separate project, OSA reviewed existing information, tested selected system controls, and interviewed knowledgeable agency officials about the data. Additionally, we performed validity and integrity tests on claim data, including (1) testing for missing data, (2) scanning for duplicate records, (3) testing for values outside a designated range, (4) looking for dates outside specific time periods, and (5) tracing a sample of claims queried to source documents. Based on these procedures, we determined that the data obtained were sufficiently reliable for the purposes of this report.

From discussions with ActiveLife management, we gained an understanding of internal controls over ActiveLife's billing processes for ADH services that we deemed significant to our audit objective.

Effective July 27, 2018, MassHealth revised Section 404 of Title 130 of the Code of Massachusetts Regulations. For the purpose of our audit, we used the regulations that were in effect during the audit period.

Our data showed that ActiveLife provided ADH services to 108 MassHealth members during the audit period. From this population, we selected a nonstatistical judgmental sample of the 40 members for whom MassHealth paid ActiveLife the highest amount for services to determine whether ActiveLife properly billed for the services it provided. We performed the following audit procedures:

- We examined MassHealth member records to determine whether a signed and dated physician order approving ADH services was included in each sampled member's records.
- We reviewed treatment plans to determine whether members required assistance with specific activities of daily living and/or skilled nursing services and whether their records adequately documented the delivery of the services the members received.
- We reviewed signed physician orders to determine whether their dates were on or before the members' first dates of ADH services, because MassHealth does not pay for ADH services before the ADH provider receives a signed physician order.
- We reviewed members' records to determine whether ActiveLife obtained written clinical authorizations from MassHealth or the members' SCO or ACO plans and whether the authorizations' dates were on or before the members' first dates of service.
- We reviewed physician orders for all 108 MassHealth members who received services at ActiveLife during the audit period to determine the referring physicians for these members. We selected a nonstatistical judgmental sample of 22 MassHealth members to determine whether each member's original physician order had been signed by the physician. We sent confirmation letters to the 22 members' physicians requesting confirmation that they had ordered ADH services for the members. We interviewed two of the referring physicians, who had signed off on 16 of the physician orders, to ensure that the MassHealth members had been referred for ADH services.

For all the tests that we performed on sampled members, we did not extrapolate the results of our findings to the population of members because our test samples were judgmental samples.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. ActiveLife did not obtain a physician order for \$34,137 of services for one MassHealth member.

For 1 of the 40 MassHealth members tested, ActiveLife lacked a properly authorized physician order to authorize \$34,137 of adult day health (ADH) services provided during our audit period. As a result, there is a higher-than-acceptable risk that ActiveLife may not have provided the appropriate ADH services to this member.

Authoritative Guidance

According to Section 404.406(F)(2) of Title 130 of the Code of Massachusetts Regulations as of March 2010, to initiate ADH services, providers must obtain physician documentation, including physician orders, for the services:

- (a) Before the member's first attendance day, the ADH provider must obtain the necessary documentation from the member's physician.*
- (b) The physician's documentation must include
 - (i) physician orders for adult day health services.**

Reasons for Noncompliance

ActiveLife does not have internal controls (policies and procedures) in place to ensure that physician orders are obtained from members' physicians before beginning ADH services.

Recommendations

1. ActiveLife should collaborate with MassHealth to determine how much of the \$34,137 discussed in this finding should be repaid.
2. ActiveLife should develop policies and procedures to ensure that completed and authorized physician orders are in place before it provides ADH services to MassHealth members.

Auditee's Response

The State Auditor states in the Report that, for one of the 40 MassHealth members in question, ActiveLife lacked a properly authorized PO to authorize the \$34,137 in ADH services that ActiveLife billed during the Audit Period. ActiveLife is certain that it had a properly authorized PO for the member in question at one point because it could not have obtained an ADH Referral from MassHealth without one. It appears that ActiveLife has accidentally deleted this PO, though,

as ActiveLife is unable to locate this PO in its filing system. ActiveLife has requested a copy of this PO from the member's primary care physician, which is currently processing the request. Even if the primary care physician is unable to produce a copy of this PO, though, it would be inequitable for MassHealth to recoup \$34,137 from ActiveLife due to a one-time, inadvertent administrative error.

MassHealth's Response

MassHealth agreed with our recommendations and stated that it would follow through with its own audit of ActiveLife.

Auditor's Reply

As noted above, none of the documentation in the member file in question included a physician order for ADH services. In its response, ActiveLife asserts that there was a properly authorized physician order for the member but implies that it may have been misplaced because ActiveLife could not have obtained an ADH referral from MassHealth without one. However, ActiveLife's management is responsible for ensuring that a properly authorized physician order is obtained and retained in each member's file before the first day of service in order to substantiate the need for the service. We believe that the controls over this activity could be strengthened; therefore, we again urge ActiveLife to implement our recommendation to develop policies and procedures to ensure that completed and authorized physician orders are in place before it provides ADH services to MassHealth members.